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H.R. 2391, COST-OF-LIVING INCREASES FOR SERVICE-CONNECTED VETERANS AND DIC

HEARING

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION, AND INSURANCE

OF THE

COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

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H.R. 2391, COST-OF-LIVING INCREASES FOR SERVICE-CONNECTED VETERANS AND DIC

TUESDAY, APRIL 19, 1983

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON COMPENSATION, PENSION, AND INSURANCE, COMMITTEE ON VETERANS' AFFAIRS,

Washington, D.C.

The subcommittee met, pursuant to call, at 9:05 a.m., in room 340, Cannon House Office Building, Hon. Douglas Applegate (chairman of the subcommittee) presiding.

Present: Representatives Applegate, Daschle, Martinez, Montgomery, and McEwen.

OPENING STATEMENT OF CHAIRMAN APPLEGATE

Mr. APPLEGATE. Good morning. The subcommittee will come to order.

This morning we meet to receive testimony on legislation to provide a cost-of-living allowance in disability compensation for veterans with service-connected disabilities and in dependency and indemnity compensation for surviving spouses and children of veterans who died from service-related causes.

In his proposed budget for fiscal year 1984, the President asked for a 5.1 percent increase in compensation and DIC to be effective April 1, 1984. This was the percentage expected to be necessary to keep up with inflation. During hearings on the budget, the witnesses for the veterans' organizations expressed their willingness to accept the 6-month delay in the effective date as requested by the President. These witnesses said that veterans had always served their country and would continue to do their part in controlling the huge deficits we now have in the operation of the Federal Government. At the same time, they collectively stated their acceptance of the delay was based on the President's proposal to defer all Federal entitlement COLA's, and that if any exceptions were to be made, they would be back asking for the effective date to be October 1, 1983, rather than April 1, 1984.

In our report to the Budget Committee, we asked for funds for the 5.1 percent COLA. The Budget Committee's assumptions, based on more recent economic conditions, recommended a 4.1 percent COLA, and this was the percentage accepted by the House when the first concurrent budget resolution was passed. Today we will hear from the VA about the percentage of increase they recommend.

Title III of H.R. 2931 has three provisions not related to the COLA. In the Omnibus Reconciliation Act last year, we provided that the effective date of new or increased payments would be deferred until the first full month of entitlement.

An inequity has been brought to our attention relating to veterans who require more than 3 weeks of hospital treatment for their service-connected disability. The way the law works this year is that if a veteran rated less than 100 percent disabled goes into a VA hospital early in the month, stays more than 21 days, and is released before the last day of the month, he receives no increase in his compensation. On the other hand, if he goes in on or near the last day of the month, he loses little or nothing because his temporary 100 percent rating goes into effect the first day of the next month.

The proposal in section 301 of our bill would exempt these veterans from the deferred effective date provision. We are talking about service-connected veterans who are temporarily but totally disabled because of their service-related physical problems and unable to earn a paycheck. I believe we should think very seriously about taking action to remedy this inequity.

Another section of title III would recognize the adoption of a helpless child after the child becomes 18 years of age, provided the child was in the veteran's household when he or she became 18. Another section would provide compensation and other VA benefits for a member of the senior ROTC if he was injured prior to October 1, 1982. Funds for the benefits in title III were included both in our report to the Budget Committee and in the House-passed first concurrent budget resolution.

At this time I want to recognize the ranking minority member of the subcommittee, my colleague and friend from Ohio, Mr. McEwen, for any remarks he may want to make.

STATEMENT OF HON. BOB McEWEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. McEWEN. Thank you, Mr. Chairman.

I appreciate the fact that you have scheduled this hearing today in order that our subcommittee might quickly act on a compensation increase for service-connected disabled veterans and an increase in dependency and indemnity compensation for widows and children. As you have stated, Mr. Chairman, the current proposal is for 4.1 percent to be effective April 1, 1984. It is my belief that disabled veterans and the service organizations which plead their cause are to be congratulated for their willingness to have a 6-month delay in the granting of this benefit. This is a considerable sacrifice on the part of our disabled veterans. Yet, I believe it is just another example of service to America by these special Americans.

Mr. Chairman, the section of H.R. 2391, which concerns the so-called 21 day rule for disabled service-connected veterans who have been hospitalized, has my full support, and I believe we should move quickly to correct the obvious inequity brought about by the Omnibus Reconciliation Act of last year.

I thank you again, Mr. Chairman, for recognizing me at the beginning of this hearing, and I look forward to listening to the testimony of our witnesses for early enactment of this legislation.

Mr. APPLEGATE. Thank you, Mr. McEwen.

We are always very honored to have our very distinguished chairman of the full committee with us, Mr. Sonny Montgomery.

STATEMENT OF HON. G. V. "SONNY" MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I grew up in this subcommittee and certainly it is my favorite subcommittee. I had the privilege of being the chairman of the subcommittee at one time. I want to congratulate you and Mr. McEwen for having these hearings.

As I understand it, the administration and the VA will be talking about a 3.5-percent cost-of-living increase for compensation, and I believe the House budget resolution has a 4.1-percent cost-of-living increase. I am interested to hear more about which way we are headed on this. But I do thank you for having these hearings and I would like to publicly thank Mr. McEwen for coming to our State recently, where we did have some oversight hearings on veterans' programs in Mississippi.

Mr. McEwen had the privilege of visiting the Vicksburg battlefield, where Ohio and Illinois did a lot of the fighting as I understand it. But we had good hearings and everyone enjoyed being in our State.

Thank you.

Mr. APPLEGATE. Thank you, Mr. Chairman.

We will have some statements submitted by various veterans organizations which, without objection, will be entered into the record.

Our first witness today will be Miss Dorothy Starbuck, Chief Benefits Director of the Veterans' Administration. Miss Starbuck, I have had placed in each member's folder a copy of the Administrator's letter submitting your draft bill for a revised COLA,[1] along with a copy of the draft bill.[2] Without objection, these documents will be made a part of the hearing record.

Mr. APPLEGATE. Miss Starbuck, if you would please introduce those accompanying you, we would appreciate it. You may summarize your statement, if you wish, but your full statement, without objection, will be entered into the record.

STATEMENT OF DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION, ACCOMPANIED BY NORMAN PAULSON, OFFICE OF GENERAL COUNSEL; AND MAX R. WOODALL, DIRECTOR, COMPENSATION AND PENSION SERVICE

Miss STARBUCK. Thank you, Mr. Chairman, and good morning.

On my right is Mr. Norman Paulson, of our General Counsels Office, and on my left is Mr. Max Woodall, the Director of our Compensation and Pension Service in the Department.

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[1] See p. 33.
[2] See p. 35.

We are very pleased to be here this morning to present the Veterans' Administration's views on the bill which you have recently introduced, Mr. Chairman. This bill provides for a 4.1-percent cost-of-living increase to become effective April 1, 1984.

Since the seventies, the compensation rate adjustments have been keyed to the indexed cost-of-living adjustments in social security and the VA pension program. We have, as you mentioned, transmitted draft legislation to the Speaker of the House, proposing a cost-of-living adjustment of 3.5 percent in compensation. This 3.5 percent figure represents the administration's current estimate of the January 1, 1984, cost-of-living adjustment for social security and VA pensions. Should the actual increase in these other programs prove differently, we would, of course, support an increase in compensation of an identical percentage. We also anticipate that any future cost-of-living increases will be provided on April 1 of each year.

Title III of H.R. 2391 contains three "miscellaneous" provisions that would affect the compensation and pension programs. Section 301 would override the stub-month rule, but only to the extent it affects a veteran entitled to an increased award by virtue of sections 4.29 or 4.30 of title 38, which are expressed in paragraphs 29 and 30 of the rating schedule.

If the veteran remains hospitalized for 21 days or more, he is entitled to a temporary rating of 100 percent. Currently, the stub-month rule is applied and compensation does not begin until the first day of the month following the hospital admission. Similarly, paragraph 30 authorizes a temporary total rating effective the first day of hospitalization and continuing, as necessary, for convalescence. Under the stub-month rule, compensation does not begin until the first day of the month following the month of hospitalization.

Undoubtedly, the stub-month rule has a disparate impact related to the day of the month on which the day of hospitalization begins. We do not, however, consider the impact in the paragraph 29 and 30 cases as creating great hardship or in any other way calling for a legislative exception to the current payment rules. The enactment of section 301 would result in costs of approximately $6.5 million in fiscal year 1984, and we do not consider this warranted.

Section 302 would enlarge the category of persons who, if disabled as a result of injury or disease during Senior Reserve Officers' Training Corps field training or practice cruises, could qualify for disability compensation and has minimal effect on the program. Cadets disabled as a result of training before October 1982, would be permitted to elect VA compensation in lieu of Federal employees compensation under this section of the bill. The costs would be insignificant, and in view of Congress decision to permit VA compensation for post-September 1982 disabilities, we do not oppose this amendment.

Finally, Mr. Chairman, section 303 of the bill would amend provisions to qualify as a veteran's "child", an adult adopted by the veteran if the adopted person was a member of the veteran's household upon reaching age 18, and who, before reaching that age, became permanently incapable of self-support. This is consistent with the statutory scheme of providing additional benefits to veter-

ans with dependents and we do not oppose this provision, the costs of which would be insignificant.

Mr. Chairman, that concludes my summary of the remarks. We will be pleased to answer your questions.

[The statement of Dorothy Starbuck appears at p. 40.]

Mr. APPLEGATE. Thank you very much, Miss Starbuck, for your very short, to the point, and, as always, very eloquent statement. We always appreciate your being before the committee.

I see that the administration and the Congressional Budget Office are at odds again. With about a month's difference in time, the administration's best guess on the COLA for social security is 3.5 percent, down from the CBO estimate of 4.1 from last month.

One of the difficulties the committee has is reporting a compensation COLA bill by mid-June to comply with the reconciliation instructions of the first concurrent budget resolution and using a percentage factor based on a prediction of economic conditions which will exist several months into the future. I am glad to see that you will support the compensation increase equal to the amount given to social security. It may very well happen that we pass a bill this spring and will have to amend the COLA before it becomes effective.

Miss Starbuck, you say that you object to section 301 of our bill on temporary hospital ratings, and you say the impact is no greater or disparate than on other events. I don't agree with you on this. In other cases, the beginning date of entitlement is simply deferred, with benefits continuing thereafter. But on a temporary hospital rating, if it is lost, it is lost forever.

Did not the VA provide special hospitalization ratings by regulation rather than statute?

Miss STARBUCK. That is correct, sir.

Mr. APPLEGATE. And was it not intended for a special need?

Miss STARBUCK. At the time it was instituted, I guess there was considered feelings that individuals who were hospitalized for treatment of a service-connected disability would be without supportive income. Quite frankly, we have taken no steps to measure the financial support or support in terms of days off of individuals who are hospitalized for treatment of service-connected disabilities, so we could not at this time belie the basic thrust of the legislation.

Mr. APPLEGATE. Do you think that benefits justified by a special need should be completely nullified by happenstance of what day of the month that need arises?

Miss STARBUCK. Well, it is an awkward situation, I agree with you on that. But the day of admission to a hospital is, in many instances, not only to meet the needs of the veteran as far as treatment is concerned, but to accommodate to the availability of the treatment that he needs either in a surgical process or specialized treatment. The accident of admission on the first day of the month or the 15th day of the month is not something that can be controlled necessarily.

Mr. APPLEGATE. Thank you very much, Miss Starbuck.

The gentleman from Ohio, Mr. McEwen.

Mr. MCEWEN. Mr. Chairman, I have only one question I would like to pose to Miss Starbuck.

A number of veterans' organizations for some time have suggested changes in the method by which we pay disability indemnity compensation. Is the VA considering any changes in this program?

Miss STARBUCK. We are not at this time, Mr. McEwen.

Mr. MCEWEN. There are none under review or under consideration?

Miss STARBUCK. No, sir.

Mr. MCEWEN. Thank you.

Mr. APPLEGATE. Mr. Montgomery?

Mr. MONTGOMERY. I have just one question or comment. As I understand it, this is legislation that Mr. Daschle introduced the last time pertaining to benefits for members of senior ROTC, if he was injured prior to October 1, 1982. Miss Starbuck, would you care to explain that to the subcommittee, actually what that does and what the law is now?

Miss STARBUCK. The law currently, Mr. Montgomery, permits us to pay disability and indemnity compensation to the survivors. This bill would give the individual the right to elect between Federal employees disability compensation and VA compensation. We don't anticipate that there will be a great deal of impact as a result of this.

Do you want to say anything further on that, Max?

Mr. WOODALL. No.

Mr. MONTGOMERY. I am not quite clear. Your senior ROTC, I assume that is not junior ROTC, that's not high school? That is college, right?

Miss STARBUCK. College level; yes, sir.

Mr. MONTGOMERY. This is his or her last year, correct?

Miss STARBUCK. It would not necessarily be the last year, but the last 2 years of training.

Mr. MONTGOMERY. The way the law is now, it only pertains to the survivor?

Miss STARBUCK. Yes, sir, that is correct.

Mr. MOON. Could I clarify that for you, Mr. Chairman?

We changed the law last year to provide disability ROTC benefits for any member who was injured on or after the date of that law, October 1, 1982. But we have learned that there were a few individuals who were injured prior to October 1, 1982, and they absolutely did not qualify. This amendment would bring those few individuals into the entitlement arena.

Miss STARBUCK. These are the ones who qualified for the Federal disability compensation.

Mr. MOON. That is correct.

Mr. MONTGOMERY. That would be like going to summer camp or when they would be on training duty or what?

Mr. MOON. This protection would only cover them during their senior ROTC 6-week extended active duty. It would not cover them for injuries incurred on campus duty.

Mr. MONTGOMERY. OK. Thank you.

Mr. APPLEGATE. Mr. Daschle?

Mr. DASCHLE. Mr. Chairman, I guess I just want a clarification.

Miss Starbuck, you are recommending an adjustment of 3.5 percent; is that what it is?

Miss STARBUCK. That is correct.

Mr. DASCHLE. Our committee has recommended a difference of 4.1, is that it? That's a difference of six-tenths of 1 percent.

What, in your opinion, given the fact we are dealing with about a $7.5 billion compensation budget—isn't that about what it is?

Miss STARBUCK. It's more than that, sir.

Mr. DASCHLE. More than that?

Miss STARBUCK. Yes, sir.

Mr. DASCHLE. What would cause you to differ with us on six-tenths of 1 percent?

Miss STARBUCK. The administration has recomputed the cost-of-living to run to January. The estimate provided us by the Office of Management and Budget is that the cost-of-living at that time, January 1, 1984, will be 3.5. This is a monthly figure that changes, perhaps, or it could remain the same, month to month.

Mr. DASCHLE. Month to month?

Miss STARBUCK. Yes.

Mr. DASCHLE. So by the end of the year it could be 4.5?

Miss STARBUCK. It could be, sir.

Mr. DASCHLE. So would you then recommend to the Congress that we offer a cost-of-living allowance that would be 4.5 rather than 3.5?

Miss STARBUCK. If the cost-of-living in January is at 4.5, and the social security and pension increase would go at that level, certainly we would support compensation increases at that same level.

Mr. DASCHLE. So we can anticipate your coming before this committee later on, if the inflation rate goes up, asking for an increase over the 3.5? This 3.5 is just as of today?

Miss STARBUCK. That is correct, sir.

Mr. DASCHLE. Well, that is encouraging, Mr. Chairman.

Thank you, Miss Starbuck.

Miss STARBUCK. You're welcome, Mr. Daschle.

Mr. APPLEGATE. The gentleman from California, Mr. Martinez.

Mr. MARTINEZ. No questions, Mr. Chairman.

Mr. APPLEGATE. Thank you very much, Miss Starbuck. We appreciate your attendance before the committee today.

Miss STARBUCK. Thank you, Mr. Applegate, very much.

Mr. APPLEGATE. Next on the agenda we have Mr. Donald Schwab, the director of the National Legislative Service, VFW.

STATEMENT OF DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. SCHWAB. Thank you, Mr. Chairman.

My name is Donald H. Schwab and it is my privilege to represent the 1.96 million men and women of the Veterans of Foreign Wars as their national legislative director.

Mr. Chairman, I came to this hearing this morning in high spirits. It was somewhat dampened by the testimony of the Veterans' Administration. It is a matter of record, that when the President submitted his budget in January, he called for a 5.1 percent increase in benefit programs, including compensation, and a delay in COLA payments for 6 months. We supported that in testimony before this committee, this subcommittee. All the veterans' organi-

zations supported the 6-month delay in the COLA to help reduce the deficit and maintain the integrity of our programs.

A recalculation by the administration subsequently reduced the COLA to 4.1 percent. House Concurrent Resolution 91 reflects 4.1 percent, and your bill, H.R. 2931, also calls for a 4.1 percent increase in compensation.

I am somewhat surprised that in such a short time the administration, the Office of Management and Budget, has recalculated the COLA from 5.1 percent down to 3.5, which is at variance with the Congressional Budget Office. If this is indeed correct, and if it applies to everybody, and it does truly reflect the cost of living, of course we would accept it. But I think it needs to be scrutinized very closely.

I was delighted to hear Dorothy Starbuck say that if inflation went up, she would be back before this committee and ask for an increase.

The VFW supports the three miscellaneous provisions of your bill, Mr. Chairman. They enhance existing law.

In closing, I would like to thank the subcommittee and the full committee in its report to the Budget Committee for rejecting the proposed sliding compensation increases for fiscal year 1985 based on percentage of disability.

This concludes my testimony. I will be happy to respond to any questions you may have.

[The statement of Donald H. Schwab appears at p. 46.]

Mr. APPLEGATE. Thank you very much, Mr. Schwab. I have always approved, I think almost in total, the directions of the great VFW organization. I certainly agree with the comments that you have made today.

I have nothing really to say, except to thank you very much for coming.

The gentleman from Ohio, Mr. McEwen, has some remarks.

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. Schwab, I only have one question on some history, if you could bring me up to date. Has it been traditional, to your knowledge, that compensation increases have been annual?

Mr. SCHWAB. Yes, sir.

Mr. MCEWEN. That was done in the fifties and sixties, as well?

Mr. SCHWAB. In recent years. There were a few years where we went without compensation increases, but as a rule, there has been a compensation increase to Congress, and whoever was President went along with it and kept those benefits abreast of inflation.

Mr. MCEWEN. When the prediction as to the cost-of-living increases were made, has it been traditional to adjust those during the course of the year? For example, when the year began at 6-percent inflation and jumped to 10 by the end of the year, were there adjustments made in the legislation during the course of its progress through the Congress?

Mr. SCHWAB. There have been adjustments made for many years, sir. Although the inflation rate has come down over the last year dramatically, we are a little surprised at the degree of change in the 3-month period year, two recalculations. But as I say, if it is a true recalculation and it applies to all Federal beneficiaries, then, of course, we would accept it in good spirit.

Mr. MCEWEN. I can assure you that the committee is not going to unless that is the case.

Thank you very much.

Mr. APPLEGATE. Thank you, Mr. McEwen.

The gentleman from South Dakota, Mr. Daschle.

Mr. DASCHLE. Mr. Chairman, I just want to reemphasize what Mr. McEwen just said. I think it is important that we be as emphatic on that point as we can, that these veterans, when we talk about the cost-of-living allowance, are going to be given the same opportunities as everyone else. I think we ought not just wait for the administration to take the initiative to come before us and ask. I think it is probably imperative that this committee, working with the veterans' organizations, insure that from month-to-month we take a good assessment as to what the cost of living is and then bring the administration to the committee once again to reanalyze this, perhaps this summer.

Like you, Don, I feel a little surprised perhaps, but encouraged, at least, that the administration is willing to come back and reconsider that percentage—3.5 is unacceptable. I think you would have to be a very prayerful soul to expect for the whole year that we can keep the rate of inflation at that level. If it is true, that would be the greatest thing in the world. But if it isn't, we have to make sure that we're covered.

So I appreciate your vigilance and I really have no questions. I think you did us a service in coming again before the committee.

Mr. SCHWAB. Thank you, Mr. Daschle.

Mr. APPLEGATE. Thank you, Mr. Daschle, and you were right on target with your remarks.

Mr. Martinez?

Mr. MARTINEZ. Just as point of clarification, maybe with counsel. Is there a mechanism by which, once you have established whatever percentage, at 4.1 or 3.5, that through the year you can readjust the compensation, or is the compensation established for the year?

Mr. MOON. Sir, it is established for the year. What we have been doing in most recent years, the non-service-connected pension program is indexed to social security. They get the same percentage of increase in benefits. That has more or less been the signal that the compensation benefits will follow. The committee felt we never wanted to treat service-connected veterans worse than the non-service-connected pension cases.

But in response to your specific question, these are made on an annual basis. There are no mid-year adjustments.

Mr. MARTINEZ. I simply would think if you made those on an annual basis you would make the calculation on an annual basis, rather than based on 1 month, because if I understood Miss Starbuck correctly, she made that calculation based on 1 month, what happened in 1 month. I don't know how an adequate estimation can be made using 4 weeks of data.

Mr. MOON. Sir, right now she is estimating what the Consumer Price Index will be in the last quarter of this fiscal year. The social security adjustment will be based on actual Consumer Price Index data. They are simply estimating what that data will be later on

this year. They don't know, just like CBO doesn't know for sure. It is all assumptions.

Mr. MARTINEZ. I would just say I feel the same way Mr. Daschle does, I don't think 3.5 is acceptable at all.

Mr. APPLEGATE. Mr. McEwen?

Mr. MCEWEN. Mr. Chairman, I just don't want Mr. Schwab to leave without adequately communicating to him and the other representatives of the veterans' organizations my respect and admiration for what they have done in supporting this legislation. In dealings throughout the Congress with various interest groups, I cannot name a similar situation and any other committee or subcommittee of this Congress where the beneficiaries of the actions of the committee would be so harmonious and so understanding and so patriotic, if I may use the term. I think this Nation again owes, as I said in my opening remarks, an expression of gratitude to these people who are continuing to serve their Nation by supporting this legislation.

I thank you for your leadership.

Mr. SCHWAB. Thank you, sir.

Mr. APPLEGATE. Thank you very much, Mr. Schwab. We appreciate once again your appearing before the committee.

Mr. SCHWAB. Thank you.

Mr. APPLEGATE. Now we have Mr. Richard Johnson, national legislative director of the Non Commissioned Officers Association.

STATEMENT OF RICHARD W. JOHNSON, JR., NATIONAL LEGISLATIVE DIRECTOR, THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. JOHNSON. Thank you, Mr. Chairman. I have just a brief summary of my statement this morning, but I would appreciate it if my full statement was entered in the record.

The Non Commissioned Officers Association is grateful for this opportunity to present its views on improvements and modification to compensation programs for veterans and their survivors as proposed in H.R. 2391, the Veterans' Disability Compensation Amendments Act.

H.R. 2391 proposes an increase in compensation and survivor benefits that reflects the anticipated increase in the cost of living. However, it also proposes the effective date of the increase be delayed by 6 months to assist in the Nation's economic recovery. At the same time it has been promised that other Federal programs indexed against inflation will share this burden.

NCOA accepts the proposal. However, like our sister organizations, we will withdraw our support for the proposed delay if similar delays are not imposed on other Federal programs.

We do not object to any of the miscellaneous provisions of H.R. 2391. In summary, NCOA fully supports the immediate passage of H.R. 2391; yet we continue to support a major revision in the DIC program.

DIC payments are made on a graduated scale based on the rank of the deceased veteran held at the time of death or discharge from the Armed Forces. It is the only VA program in which benefits are computed on the basis of service rank. No consideration is given to

the degree or type of disability which led to the veteran's death. There is no consideration given to how the disability was incurred or the length of time it existed. These are just a few of the inequitable disparities that exist in the system.

Regrettably, it is easier to identify them than it is to find a remedy. Still, many organizations, as has been pointed out here this morning, believe there is a better method of making the payments available.

In the final analysis, the most appropriate form of DIC is probably a single payment to all survivors. A supplemental compensation program for survivors of permanently and totally disabled veterans, constructed to recognize the family's contribution to the welfare of severely disabled veterans, might be appropriate.

NCOA remains open to suggestions on how the DIC system should be changed, and we ask the committee to continue to explore alternatives to the present system in the months and years ahead.

That concludes my statement, Mr. Chairman. I thank you very much.

[The statement of Richard W. Johnson appears at p. 54.]

Mr. APPLEGATE. Thank you very much, Mr. Johnson. We do appreciate your comments and your appearance today.

There is no question that there are going to be a lot of differences. The changes in the DIC rate structure is somewhat of a thorny problem and we receive a varied number of recommendations. The staff will continue to work with you to find some reasonable way to resolve any differences there might be.

Mr. JOHNSON. Thank you, Mr. Chairman.

Mr. APPLEGATE. Mr. McEwen.

Mr. MCEWEN. No thank you, Mr. Chairman.

Mr. APPLEGATE. Mr. Daschle?

Mr. DASCHLE. Mr. Chairman, I have no questions.

Mr. APPLEGATE. Mr. Martinez?

Mr. MARTINEZ. No questions.

Mr. APPLEGATE. Thank you very much, Mr. Johnson.

Mr. JOHNSON. Thank you, sir.

Mr. APPLEGATE. Mr. Earl Kelly, Associate Legislative Director of the Paralyzed Veterans of America.

STATEMENT OF EARL KELLY, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. KELLY. Thank you, Mr. Chairman. It is a privilege to appear today on behalf of the members of Paralyzed Veterans of America and to offer our support for H.R. 2391.

I would just go briefly on this, that I have heard a lot of questions raised by the members of the subcommittee and by other speakers before me about the method of computation of compensation benefits so far in advance—for example, projecting for nearly a year what the COLA should be. I would like to express our concern over that and ask this subcommittee to maintain its vigilance. We do appreciate the concern you have. That is our only objection to the 6-months' delay in compensation benefits.

Again, we offer our qualified support for that provision, in that other beneficiaries of Federal programs likewise experience the 6-month's delay.

The miscellaneous amendments under title III, PVA supports all three of them. We think it will not greatly affect the spending of the Veterans' Administration, but we do think they will correct some inequities that exist.

In our longer testimony you will find where we have discussed the dependency and indemnity compensation program. Much like NCOA before me, we have reservations about the method of computation. Half our members are service-connected disabled veterans, all rated 100 percent. Therefore, DIC benefits is a major concern to our members. We cannot find much correlation between basing those rates on military pay grades when the person's disability seems to not be considered in this matter. Many of these surviving spouses have spent years taking care of these veterans.

We realize that reaching some type of conclusion is going to be difficult as to how to compute DIC benefits. We do trust that this subcommittee and its staff will pursue this and hopefully some time in the future can arrive at a better, more equitable method of computing DIC benefits.

Also in there you will find in our longer statement where we address the NSC pension program. About half our members are non-service-connected disabled veterans, most of whom are receiving pension benefits. All of these are rated 100-percent disabled. We are finding that a number of the younger veterans who are catastrophically disabled would like to be able to return to gainful employment to the work force and to thereby sever their reliance on pensions. As it is, there are a number of disincentives built into the program that we think lead to waste by the Federal Government because these individuals are discouraged from seeking employment. They lose their pension benefits immediately and, along with that, they lose their eligibility for VA health care.

You will find in our longer statement that we suggest some type of provision written into the pension program paralleling that in the Social Security Disability Insurance amendments. As you recall, in 1980 Congress passed some major amendments to the disability insurance program that removed work disincentives, thereby making it so that a disabled individual could return to the work force. We ask that this subcommittee and its staff examine those provisions also in an effort to reduce Federal expenditures where possible, and to enable these persons to become actively employed again.

Mr. Chairman and members of the subcommittee, I appreciate your time and consideration and I will be glad to answer any questions that I can.

[The statement of Earl Kelly appears at p. 59.]

Mr. APPLEGATE. Thank you very much, Mr. Kelly.

You have raised a number of points in your statement. I read with interest that your organization supports across-the-board increases without regard to the level of disability. There are a lot of questions that could arise from that, but I won't go into that at the present time except to say that, if you do look at the record over the past 25 years, you will see that the totally disabled have been

singled out for the largest increases. I don't think there is any question about that.

Were this not done, the current rate for 100 percent disabled veterans would now be probably in the $600 to $700 range, rather than in the more than $1,200 range; do you agree with that?

Mr. KELLY. I cannot verify the figures. I will certainly take your word for that, sir.

We have no problems—In fact, we are very grateful to the Congress, and especially to this subcommittee, for the adjustments that have been made over the years. I think what we are merely speaking of is using the COLA as the basis for those adjustments.

Mr. APPLEGATE. You mentioned the work incentives at length in your testimony. When we passed Public Law 95-588 in 1978, such income exclusions were rejected. It was income exclusions that ruined the prior pension program and caused it to be reformed.

Since you have some specific ideas in mind which you say would not be expensive, I would suggest that perhaps you might come up with a bill for such a change as you describe so that the committee and the Veterans' Administration could evaluate it.

Mr. KELLY. Yes, sir, that would be our pleasure. Thank you.

Mr. APPLEGATE. The gentleman from Ohio, Mr. McEwen.

Mr. MCEWEN. No thank you.

Mr. APPLEGATE. Mr. Daschle?

Mr. DASCHLE. I have no questions, Mr. Chairman.

Mr. APPLEGATE. Mr. Martinez?

Mr. MARTINEZ. No questions.

Mr. APPLEGATE. Thank you very much, Mr. Kelly.

Mr. APPLEGATE. Next we have Mr. Charles Joeckel, Deputy National Legislative Director of the DAV.

STATEMENT OF CHARLES E. JOECKEL, JR., DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. JOECKEL. Thank you, Mr. Chairman, Mr. McEwen, members of the subcommittee. It is a pleasure to be here this morning.

To begin, Mr. Chairman, I would like to thank you on behalf of the membership of our organization for your efforts relating to the President's private sector survey on cost control, the Grace report, and the action that you took there to more or less get commitments out of the administration regarding the compensation and pension program in particular. We are grateful to you for exposing that report and circulating it around Congress.

In the opening part of my statement I point out that the DAV did go along with the 6-month delay as proposed in the President's budget. Thus far, the House Budget Committee has been fair in its dealing with COLA adjustments in all programs, and today the Senate Budget Committee is marking up their version. I think they will also delay by 6 months the cost-of-living adjustments in all programs.

In light of that action, we have no objections to the 6-month delay in in COLA for VA compensation, but I would point out that over 18 months it is likely that the cost-of-living adjustment will be more than 4.1 percent, as was pointed out by Mr. Daschle. Should the cost-of-living be greater than 4.1 percent we would support an

adjustment commensurate with the actual rise in the cost of living. Keeping in mind that the last comp increase was enacted in October of 1982 and the next one will occur in April of 1984, we feel that the 4.1 percent increase proposed in the pending bill is fully justified.

Finally, I want to mention the three provisions contained in title III of the bill. We support them all. We are pleased that the Veterans' Administration did not oppose section 303 of the bill dealing with the helpless child, and we thank you for your efforts in that area. But we were dismayed that they did not support section 301 of the bill dealing with paragraphs 29 and 30 benefits for hospitalized veterans. There is no question that there is a disparity there in the benefits paid to certain hospitalized veterans. We do not believe that benefits should be controlled simply by the date that an individual happened to enter the hospital. There is no less loss of income and there is no less devastation on the family when the veteran is in the hospital for the full 21 days.

That concludes my oral remarks, Mr. Chairman. Thank you.

[The statement of Charles Joeckel appears at p. 85.]

Mr. APPLEGATE. Thank you very much. I want to thank you very much for your testimony before the committee.

As you stated, the Grace report came through without making an absolute recommendation that the VA be disbanded, but they did make reference to making their recommendations within the general theme of administration sentiment. I have always found that administrations throughout history have always thrown out trial balloons, and if they aren't punctured in the early stages of inflation, they have a tendency to float on to success. I think it is best that the public be made aware of these situations.

Of course, this happened. But we can see what happened with the administration's trial balloons on the social security system with much of what had been proposed in the early stages of this administration pretty much coming to pass. I don't want to see this happen with the Veterans' Administration. It has meant so much to so many people. And while there may be criticisms of the VA, it is the best thing we have going for the veterans today. Besides, I don't think there would be any support in Congress to disband the VA.

Mr. JOECKEL. Like most trial balloons, Mr. Chairman, we agree with you. This one might be filled with "hot air".

Mr. APPLEGATE. Thank you. Very well put.

Mr. McEwen.

Mr. MCEWEN. Mr. Chairman, I have no questions, except to reiterate my appreciation to the Disabled American Veterans for their support of the legislation.

Mr. APPLEGATE. Mr. Daschle.

Mr. DASCHLE. No comments, Mr. Chairman.

Mr. APPLEGATE. Mr. Martinez.

Mr. MARTINEZ. No comments.

Mr. APPLEGATE. Thank you very much, Mr. Joeckel. We appreciate your being before the committee.

Mr. APPLEGATE. Next we have Mr. Ellsworth Sharpe, national president of the Blinded Veterans Association.

STATEMENT OF ELLSWORTH L. SHARPE, NATIONAL PRESIDENT, BLINDED VETERANS ASSOCIATION, ACCOMPANIED BY TOM SMITH, SPECIAL ASSISTANT TO THE EXECUTIVE DIRECTOR, BLINDED VETERANS ASSOCIATION

Mr. SHARPE. Thank you, Mr. Chairman.

With me is Tom Smith, special assistant to our executive director of the Blinded Veterans Association. It gives me great pleasure to talk before this committee today and we thank you for inviting us.

Last month we supported a 5.1-percent increase in cost of living, with a 6-month delay for the cost-of-living increase, and we are surprised to see that it was reduced to 4.1. We're not going to quibble about 1 percent, but we do wonder, like other people, where apparently the 1-percent difference came from. I thought it was an historical number gathered from statistics a while ago or whatever.

One thing we would like to point out, however, for severely disabled veterans is that certain costs, which are unique to us, have gone up more rapidly. For instance, transportation has gone up more rapidly—public transportation—and the reason for this, even though the cost of energy has gone down, is that the Federal Government's support for mass transportation has decreased. As an example, on my way here this morning I paid 17 percent more for the subway than I did last week.

Also, rentals have been going up more than 6 percent nationwide, especially in urban areas, perhaps even more than that.

Utilities also are going up more rapidly. It is rumored that in the next 18 months the cost of a telephone will be increased by a factor of three in the Washington area. So we hope that the committee will watch these things happening and perhaps make a midcourse adjustment if they find it necessary.

We were somewhat disappointed that this hearing did not include an amendment—or we are going to also suggest an amendment to this compensation bill. The amendment concerns H.R. 2187. This bill was proposed by Representatives Christopher Smith and Thomas Daschle. This bill has to do with inequities in the VA disability ratings which have to do with combined handicaps of hearing loss along with visual loss. The bill, which I will define later, has to do with totally blind veterans.

Now, according to the VA's definition of totally blind, veterans fall under the categories in the rating schedule of either "L," "M," or "N." Now, people with "L" have a vision of 5 over 200. When you compare this to 20 over 200, which is a legally blind person, the person has to get four times closer to see the big "E" on the wall on the Snelling chart. Subsection "M" is for those veterans that have just light perception, and "N" have no light at all. Now, these are defined as totally blind veterans under the VA schedule.

As far as hearing goes, those with 100-percent hearing loss are rated 80-percent disabled. Those with hearing loss in one ear are rated 10-percent disabled. The VA schedule has made accommodations for people with losses in both areas. For instance, under subschedule "O" are totally blind veterans with 60 percent hearing loss. Now, 60 percent is by VA definition with 80 percent being total.

You can't even use 60 over 80 because—I don't know if you're familiar with the decibel scale—but it is non-linear and at the higher areas the losses are much greater. I think the audiologists did that just to confuse us.

Those rated "P" are veterans with 40-percent hearing loss and totally blind, and also with a hearing loss they get a one-step increase from what their blindness rating was. Those with hearing loss in one ear get a half-a-step increase.

Hearing loss consists of two basic areas, one is decibel and one is frequency loss. Decibel loss we can understand more easily than the frequency loss. A decibel loss has to do with loudness or distance from how close you have to get to hear something. In regular conversation, somebody with a 20—percent hearing loss misses half the conversation. Now, if he is a sighted person, he can see the lip movements and combine that with what he hears. Usually, he can not notice that he has this hearing loss if he can follow the lip movement with what he does hear.

However, a totally blind veteran would not have this advantage and his communication skills would be dampened a great deal.

Frequency loss is much harder to understand. This is also combined with decibel loss. But masked out of one's hearing could be the ring of a telephone or the screeching of brakes when he crosses the street. Of course, this poses a great danger to a totally blind person. Mobility in general, with any kind of hearing loss, combined with total blindness, is very dangerous for crossing the street or whatever.

Now, with a frequency loss some letters, such as "S" and "C" might be masked out of his hearing spectrum, so that in conversation a normal person with normal sight can again pick up the sound from the lip movement or other visual cues, whereas the blind person cannot do this. This, again, is an added handicap for someone with combined losses.

Another factor of hearing loss is the differentiation between background noise. I can hear a fan running in here. Persons with losses in hearing and the use of hearing aids have trouble differentiating that fan noise from a voice. If his vision is normal, however, he can watch the lips and then can pick out the difference in the noise. Again, this is a definite disadvantage in communication for a person with combined losses of sight and hearing.

Hearing loss in one ear is a real big problem for a blinded veteran. When he comes to the street corner and hears a car, he has no idea what direction it is coming from. He has no idea of when to cross the street. His mobility, he goes one way from the noise and picks the wrong way or whatever and it is a very serious problem for mobility for a person deaf in one ear.

Therefore, as you have seen, I have expressed our concerns about the losses in both communication and mobility for people with losses in both the areas of hearing and sight.

What does a person do with these communication losses? Well, he might withdraw from social communication, withdraw from his family even, because he has such a problem communicating with everyone. Therefore, we believe a serious change in his life results because of these two disabilities.

As far as getting a job goes, when you can't communicate with your boss—sometimes I feel that is not always bad, but certainly it is. It is a big disadvantage.

Eighty percent of blinded veterans do not have jobs. I would imagine it is well up into the 90's of blinded veterans with hearing losses. The bill concerned here is that totally blinded veterans rated at the VA rating of 20 percent or more, with a loss of hearing in one ear, would be rated "O". What will this cost? According to our records, there are roughly 50 veterans in this category. Most of these veterans are already rated "M" or "N" and the cost to the VA would be minimal.

Therefore, we would like to thank you very much and hope that you will include H.R. 2187 in this bill for compensation.

[The statement of Ellsworth Sharpe appears at p. 93.]

Mr. APPLEGATE. Thank you, Mr. Sharpe. You raise some very sensitive issues, very pointed, and I don't think there is anybody who would really argue with you on the need, and having to weigh this with the budget constraints placed upon the Congress to try to keep a budget deficit down. Certainly nobody can make up for the quality of life that is lost through blindness and through deafness. They are very difficult decisions to make. Those very points you state are certainly well worth careful consideration and certainly we are going to study your testimony and take your points into consideration as we go through the markup on this bill.

I certainly wouldn't sit here and say we are going to promise that your points are all going to be accepted and pass a bill that exactly reflects all points. What we do pass will be equitable and it is my sincere hope—that it will be acceptable to all. We will be looking at your testimony and I thank you very much for appearing before the committee.

Mr. McEwen.

Mr. MCEWEN. I would echo the comments of the chairman and appreciate your testimony.

Mr. APPLEGATE. Mr. Daschle.

Mr. DASCHLE. Mr. Sharpe, I especially want to thank you for your endorsement of H.R. 2187. This isn't the first time it has been introduced, but it certainly is a time when I think it is becoming more of an issue and maybe the time this year is right. The budgetary cost is a very minimal one and it does address, I think, a paramount need by those affected.

You know, sometimes we look at the grand scale and we see these huge numbers out here and it has to meet some litmus test by numbers before our dealing with it in the Congress. But for those people directly affected, they may not be large in numbers but in the kind of impact that it has had on their lives, it is imperative, I think, that we appreciate the loss that they have incurred and the need that they have for this very minor piece of legislation. So I urge you to be persistent in your efforts and support and be as capable as you were this morning in demonstrating once again the important need for passage this year.

Thank you.

Mr. APPLEGATE. Thank you, Mr. Daschle.

Thank you very much, gentlemen, for appearing before the committee.

Mr. SHARPE. Thank you very much for allowing us.

Mr. APPLEGATE. Mrs. Jean Arthurs, legislative director of the National Association of Military Widows.

STATEMENT OF JEAN ARTHURS, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF MILITARY WIDOWS

Mrs. ARTHURS. Mr. Chairman and members of the subcommittee, I thank you for the opportunity to present the views of the National Association of Military Widows to this distinguished panel.

The National Association of Military Widows is a nationwide organization dedicated to the welfare of all military widows. Our goal is to assure the equitable treatment for all military widows through legislation, assistance, information and membership.

I am going to synopsize my testimony, if that's all right.

NAMW is supportive of the 4.1-percent increase in DIC, with the 6-month deferral as proposed in H.R. 2931. We hope that the DIC will not be curtailed with deferments in the future, since most DIC widows are already struggling and experiencing difficulty in surviving.

This past year the NAMW has communicated with thousands of military widows by extending help in locating widows through the Defense Enrollment Eligibility Reporting System, commonly known as DEERS. Everyone in the military community—whether they are active duty, retired, dependents and eligible surviving dependents of deceased members, inactive duty reservists and their dependents—will be affected by the DEERS program. It is a new way of confirming who is entitled to health care at military and Public Health Service hospitals and clinics. It will also confirm who qualifies for CHAMPUS benefits.

Our mission is to assist the DEERS program in locating military widows and to inform them that registration is compulsory if they are to receive medical attention through military services in the future. How else could DEERS find the eligible widows? When the serviceman dies, his jacket is closed and filed. Unless the widow is receiving some form of benefit or annuity, there is no longer a record of her being. Through offering our services to seek out these forgotten widows, we have received thousands of letters describing the lifestyles of military widows. The findings relate to these hearings today. Our mail indicates that most of them live meager lives and fear that the future looks bleak.

We would like to give you a general profile of our widows' letters, the DIC widows we are discussing here today. For many of these widows, DIC is the sole means of support. The Congress originally intended that DIC would be a supplementary compensation as recompense for the death of the sponsor from active duty or service-connected causes. Housing and food costs make it difficult to get by when DIC is a widow's sole support.

OLDER WIDOWS

According to past Veterans' Affairs studies, the average widow is over 60 years of age. Many of these women had husbands who served 30 and 40 years and yet they receive no form of benefits. For them, living is hard. They don't fit into the work force and

maintaining a standard of living is difficult. Most of these women spent a good portion of their lives functioning in traditional roles, subject to military orders, within the context of military service—wife, homemaker, and mother. Some of the older women are not covered by social security.

UNEMPLOYABLE WIDOWS

Military widows often lack marketable skills and do not find job opportunities suitable to their abilities and needs. When they do find work, their age, lack of job experience and skills earn them minimal salaries. There is little chance to earn pension benefits in their own right.

PENSION BENEFITS

The military lifestyle in which these widows lived is not conducive to establishing pensions or retirement programs in their own right. They really have to depend on DIC. Their lives were spent supporting their husbands by maintaining the family unit and contributing in any way they could to the success of his career.

MEDICAL FACILITIES

Those who are entitled to medical care, which DIC widows generally are, through the military and Public Health Service hospitals and clinics, find the facilities to be overcrowded and, in many instances, significantly cut back or curtailed altogether. Geriatric services have not been available in an acceptable mode.

Many widows are in ill health, mentally and physically. Some suffer from the trauma of having cared for a disabled veteran for many years, or simply do not recover from the shock of losing their husbands to a sudden military-related death. CHAMPUS, the extended medical service, is now going on a restricted basis—their entitlements are being cut back—thus adding to the overload in military hospitals and clinics. The unavailability of appointments, the need for referrals from other clinics, and the long hours of waiting for care at these facilities is often beyond the older person's capability.

LACK OF INSURANCE

This was a shock to me, but in all these thousands of letters far too many of these widows inherit none of the backbone of insurance, but only the task of providing for the increasing expense of their growing children on minimal income. When military pay was so low, we were surprised to find that many could not afford insurance. In most cases, the serviceman's inadequate pay and transitory lifestyle made a normal home and savings program impossible.

RAMIFICATIONS OF DEATH

Few military widows are aware of the ramifications of their husband's death. It is a tragic irony that so many service members have felt assured that through their dedication and sacrifice in the military life that their survivors would be adequately cared for by the military. Our calls and letters indicate that this is still common

today. When the sponsor is gone and the paychecks cease with him, DIC must be applied for as with all other annuities. It is problematical whether the compensation will be granted; or the case may be held in abeyance for 6 months or longer. In any event, these crises arise in addition to the loss of the loved one and compound the trauma.

FRAGMENTED RESOURCES

Resources to aid these widows are fragmented. We have responded to military widows, retirees, relatives of the military, the active duty personnel, reservists, the military establishment itself, and many service organizations. You name it and I am sure we have heard from them. There are too many misconceptions being promoted and too much bad information being disseminated. Many times this bad information is dispensed by uniform service personnel who really don't know what they're talking about. As an example, one widow was advised that she was not entitled to a DIC entitlement until her husband's service insurance was gone. She struggled along and has been a widow for 5 years. In another case, it took 14 months to activate an SBP annuity, and that was only done after involving the widow's Senator from her State.

At the end of the 97th Congress, Aid to Dependent Children educational benefits were restored to eligible DIC recipients. In restoring these benefits, we feel Congress reaffirmed the realization of the need for re-evaluating the Dependency and Indemnity Compensation program.

There is one thing I did not get in my testimony and that is the need for nursing home care. It is becoming a formidable problem for these older widows. It is frightening when you consider the aging process, when the faculties become infirm, the longer life span and the cost of nursing home care. Who can afford to become senile at $2,400 a month? This is the average monthly domiciliary cost of confinement in most nursing homes throughout the country.

Now, DIC is a lifesaver for many military widows. They could not continue to survive without it. A debt to military widows who lost their servicemen while on active duty or through a service-connected disability has been acknowledged through the enactment of the Dependency and Indemnity Compensation program.

Since most of the discussion here today is on how to rectify the differences in the DIC program, we have a few suggestions. As military widows, we ask, "Why was the DIC program not made comparable to the Federal program, the FECA?"

In 1972, the Military Survivor Benefit plan was passed to correct the discrepancies of the ill-conceived Retired Servicemans Family Protection plan. The new survivor benefit was patterned after the Civil Service survivor benefit plan. It came out a fairly clean bill and its remaining flaws are now being corrected by Congress.

As a matter of priority, it is time for Congress to correct the DIC program and put it on the same basis as applicable to the Federal Civil Service program. A substantial difference in death compensation exists at every pay level between the DIC and FECA programs. This is due to the varied compensation formula used to compute the benefits under each applicable law. The FECA compensa-

tion formula is computed at 55 percent of full civilian pay and escalates to 80 percent in some cases, depending on the cause of death and the children involved. This starts at GS–1, step 1, and escalates to step 10 of GS–15.

In comparison, the minimum amount for widows of privates, airmen, and seamen in pay grade E–1 equals 55.15 percent of the husband's pay. The maximum amount for DIC widows of servicemen pay grade O–10, whose death was job-related, after having served 30 or more years—and probably going to the top of his structure—is only 15.7 percent. DIC is the only such formula that is self-reducing; the higher in rate or rank attended and the longer served, the lower the percentage the widow receives. We underline that. The average DIC entitlement averages about 20 percent of pay. There is very little comparison between the two compensation systems.

To overcome these inconsistencies, we recommend that the long-established FECA program apply to all Federal employees, whether they are military or civil service personnel.

Again, an issue of concern to military widows is the benefit termination as a consequence of remarriage after age 60. I don't know why that isn't on the agenda to be considered today. Representative Whitehurst has introduced H.R. 433, and Representative Roe has sponsored H.R. 334. These bills stipulate that the remarriage of the widow receiving DIC after the age of 60 shall not result in the termination of DIC compensation.

The FECA, RSFPP, SBP, and social security allow the older surviving spouse to remarry without jeopardizing benefits after the age of 60. However, DIC—and it is the only program that does so—deprives Federal widows of benefits if they remarry after age 60.

In the interest of equity among Federal employees, military and civil service, Congress should correct this situation. It certainly isn't the cost factor. The cost is negligible. There are so few widows who have the opportunity to marry after age 60.

I wish to thank the members and staff of this subcommittee for their kindness and helpfulness to our association. Mr. Moon and Gloria have been very helpful to us and it is always a pleasure to testify on behalf of the military widows.

Thank you.

[The statement of Jean Arthurs appears on p. 100.]

Mr. APPLEGATE. Thank you very much, Mrs. Arthurs. We certainly appreciate your appearing before the committee.

Let me ask you just a question or two. Under existing law, widows eligible for CHAMPUS medical benefits may be treated at the VA hospitals, if the space is available. Can you relate any experience where any of the women in your organization have applied for VA treatment and what the response has been?

Mrs. ARTHURS. We know that in a pinch you can be treated at the VA hospitals. But pretty generally, most of the DIC widows are covered either at the military hospitals or through CHAMPUS.

Mr. APPLEGATE. You asked why was the DIC program not made comparable to the FECA, the Federal Employees Compensation Act. You understand that the benefits under FECA are payable only for employment-related deaths—in other words, widows of civil service employees cannot receive compensation for heart at-

tacks, strokes, other diseases, or for accidental deaths, unless the employee was working at the time of the accident.

Mrs. ARTHURS. That is what a good number of these DIC widows are. Their husbands were killed in plane crashes. Today, with the crisis in Lebanon, and what went on in the embassies and all that, involved military as well as civilians. That was certainly job-related, wouldn't you say?

Also, I might elaborate on that, now that you brought it up. I don't like to bore the people because I relate this every time I am here. But when the *Thresher* went down, the submarine, at that time—I wish I had my figures with me today—but at that time the military people received DIC, which averages about 20 percent, and the civil servants aboard received 75 percent, and in some cases their dependents received a full year's pay. There were Foreign Service observers aboard the submarine at that time.

Also, under certain rules during the Korean encounter, some Army reservists were covered by the FECA. You were discussing that this morning here. It is one rather mixed up situation. But I do feel that if you have the people in job-related deaths, either military or civil service, they are all Federal workers and they certainly should receive comparable benefits.

Mr. APPLEGATE. Thank you, Mrs. Arthurs.

Mr. McEwen?

Mr. MCEWEN. No thank you.

Mr. APPLEGATE. Mr. Daschle?

Mr. DASCHLE. I have no questions, Mr. Chairman.

Mr. APPLEGATE. Thank you very much, Mrs. Arthurs.

Mrs. ARTHURS. Thank you.

Mr. APPLEGATE. Next we have Mr. Philip Riggin, director, National Legislative Commission of the American Legion, and an old friend, John Sommer, deputy director, National Veterans Affairs and Rehabilitation Commission, the American Legion.

STATEMENTS OF E. PHILIP RIGGIN, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, AND JOHN F. SOMMER, JR., DEPUTY DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

STATEMENT OF E. PHILIP RIGGIN

Mr. RIGGIN. Thank you, Mr. Chairman. As always, it is a pleasure for the American Legion to be here to present testimony before this subcommittee. We appreciate your leadership in holding this hearing and listening to the various view of a variety of organizations and interests regarding the compensation program for veterans.

The American Legion is quite impressed by the attendance this morning of this subcommittee. During the morning there have been five members of the subcommittee and I would say, from our experience here on Capitol Hill, that is a significant attendance. It demonstrates the commitment of the subcommittee in what it is doing, its responsibilities and jurisdiction.

As a preface to the statement, before Mr. Sommer summarizes, the Legion would like to express its deep concern over the recent projections by the administration as voiced by Miss Starbuck this

morning, of a 3.5 percent cost-of-living increase, especially when considering that cost-of-living increase will not take place until April 1, 1984, which is clearly a full year from now. We would be very happy and very cooperative in our relationship with this subcommittee to insure that the cost-of-living increase be thoroughly evaluated before it is put into effect.

As I indicated, with me this morning is John Sommer of the National Veterans Affairs and Rehabilitation Commission of the American Legion. As you probably know, sir, he is a native of the great State of Ohio. He is prepared to summarize our written statement this morning.

STATEMENT OF JOHN F. SOMMER, JR.

Mr. SOMMER. Thank you, Phil.

Mr. Chairman and members of the subcommittee, the American Legion certainly appreciates this opportunity to address the provisions contained in H.R. 2391. We support the 4.1 percent increase in the rates of disability compensation, dependency and indemnity compensation, and the clothing allowance.

The proposed effective date for the increases is April 1, 1984, and we understand this is in accordance with the President's proposal to Congress that all Federal entitlement programs be deferred for 6 months as a cost savings measure.

The American Legion does not want to see these deserving veterans and their dependents and survivors deprived of benefits they clearly need and are entitled to. However, we are also aware of the serious fiscal problems that confront the Federal Government and that both the President and Congress must address. For that reason, we will accept the 6-month delay in increase for these service-connected entitlement programs, with one important proviso—the only way that veterans can be asked to make such a personal sacrifice is if the same sacrifice is asked of and accepted by all other categories of Federal beneficiaries. If the administration or Congress begins to make exceptions to this plan, then the Legion's position is that the veteran should be the first to be excepted.

Section 301 of the bill would exempt the temporary total ratings and disability compensation resulting from hospitalization for a service-connected disability as provided under 38 CFR 4.29 from the delayed effective date provided under Public Law 97-253. The American Legion feels that the current law creates an inequitable situation whereby those veterans admitted for hospitalization after the 11th of any month and who meet the 21-day requirement receive additional compensation benefits, but those admitted prior to the 11th of the month do not.

The purpose and intent of this benefit was to recognize the period of temporary total disability during the veteran's hospitalization and to provide temporary financial assistance to the veteran so as to maintain his or her household while hospitalized and not working.

The American Legion urges enactment of this provision so as to eliminate the inequities and to restore the effective date of the increase to a total rating from the first day of continuous hospitalization.

Mr. Chairman, that completes our summary.

[The statement of The American Legion appears at p. 107.]

Mr. APPLEGATE. Thank you very much for appearing before the committee. We always appreciate the testimony of the American Legion before our committee. We know that we have a difficult problem in all of our legislation, and we are grateful for your support.

Mr. McEwen.

Mr. MCEWEN. No thank you, Mr. Chairman.

Mr. APPLEGATE. Mr. Daschle.

Mr. DASCHLE. Mr. Chairman, I would just reiterate what you said. The two gentlemen before us do yeoman service for the veterans organizations, all of them. They represent the American Legion well and we are glad to have them here to share with us the benefit of their thinking on this most important issue.

Mr. APPLEGATE. Thank you, Mr. Daschle.

Thank you very much, gentlemen, for appearing. If we have any further questions, we may submit them to you or to any of the other witnesses who have appeared today. We thank you all for appearing.

The session is adjourned. Thank you very much.

[Whereupon, at 10:25 a.m., the subcommittee was adjourned.]

APPENDIX

98TH CONGRESS
1ST SESSION

H. R. 2391

To amend title 38, United States Code, to increase the rate of disability compensation for disabled veterans, to increase the rate of dependency and indemnity compensation for survivor spouse and children, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 5, 1983

Mr. APPLEGATE (for himself, Mr. MONTGOMERY, Mr. HAMMERSCHMIDT, Mr. MCEWEN, and Mr. HEFNER) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to increase the rate of disability compensation for disabled veterans, to increase the rate of dependency and indemnity compensation for survivor spouse and children, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE

(a) This Act may be cited as the "Veterans' Disability Compensation Amendments of 1983".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$62" in subsection (a) and inserting in lieu thereof "$65";

(2) by striking out "$114" in subsection (b) and inserting in lieu thereof "$119";

(3) by striking out "$173" in subsection (c) and inserting in lieu thereof "$180";

(4) by striking out "$249" in subsection (d) and inserting in lieu thereof "$259";

(5) by striking out "$352" in subsection (e) and inserting in lieu thereof "$366";

(6) by striking out "$443" in subsection (f) and inserting in lieu thereof "$461";

(7) by striking out "$559" in subsection (g) and inserting in lieu thereof "$582";

(8) by striking out "$648" in subsection (h) and inserting in lieu thereof "$675";

(9) by striking out "$729" in subsection (i) and inserting in lieu thereof "$759";

(10) by striking out "$1,213" in subsection (j) and inserting in lieu thereof "$1,263";

(11) by striking out "$1,506" and "$2,111" in subsection (k) and inserting in lieu thereof "$1,568" and "$2,198", respectively;

(12) by striking out "$1,506" in subsection (l) and inserting in lieu thereof "$1,568";

(13) by striking out "$1,661" in subsection (m) and inserting in lieu thereof "$1,729";

(14) by striking out "$1,888" in subsection (n) and inserting in lieu thereof "$1,965";

(15) by striking out "$2,111" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$2,198";

(16) by striking out "$906" and "$1,350" in subsection (r) and inserting in lieu thereof "$943" and "$1,405", respectively;

(17) by striking out "$1,357" in subsection (s) and inserting in lieu thereof "$1,413"; and

(18) by striking out "$262" in subsection (t) and inserting in lieu thereof "$273".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by

this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(l) is amended—

(1) by striking out "$74" in clause (A) and inserting in lieu thereof "$77";

(2) by striking out "$124" and "$40" in clause (B) and inserting in lieu thereof "$129" and "$42", respectively;

(3) by striking out "$50" and "$40" in clause (C) and inserting in lieu thereof "$52" and "$42", respectively;

(4) by striking out "$60" in clause (D) and inserting in lieu thereof "$62", respectively;

(5) by striking out "$134" in clause (E) and inserting in lieu thereof "$139";

(6) by striking out "$112" in clause (F) and inserting in lieu thereof "$117";

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$327" and inserting in lieu thereof "$340".

EFFECTIVE DATE

SEC. 104. The amendments made by this title shall take effect on April 1, 1984.

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$463	W-4	$665
E-2	478	O-1	586
E-3	489	O-2	606
E-4	521	O-3	648
E-5	535	O-4	685
E-6	548	O-5	756
E-7	575	O-6	850
E-8	606	O-7	920
E-9	[1] 633	O-8	1,009
W-1	586	O-9	1,084
W-2	610	O-10	[2] 1,186
W-3	628		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $682.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,272.".

(b) Subsection (b) of such section is amended by striking out "$51" and inserting in lieu thereof "$53".

(c) Subsection (c) of such section is amended by striking out "$134" and inserting in lieu thereof "$139".

(d) Subsection (d) of such section is amended by striking out "$66" and inserting in lieu thereof "$69".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$225" in clause (1) and inserting in lieu thereof "$234";

(2) by striking out "$323" in clause (2) and inserting in lieu thereof "$336";

(3) by striking out "$417" in clause (3) and inserting in lieu thereof "$434"; and

(4) by striking out "$417" and "$84" in clause (4) and inserting in lieu thereof "$434" and "$87", respectively.

RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$134" in subsection (a) and inserting in lieu thereof "$139";

(2) by striking out "$225" in subsection (b) and inserting in lieu thereof "$234"; and

(3) by striking out "$114" in subsection (c) and inserting in lieu thereof "$119".

EFFECTIVE DATE

SEC. 204. The amendments made by this title shall take effect on April 1, 1984.

TITLE III—MISCELLANEOUS PROVISIONS

EXCEPTION TO COMMENCEMENT OF PERIOD OF PAYMENT RULE

SEC. 301. (a) Section 3011(c) is amended—

(1) by inserting "(1)" after "(c)"; and

(2) by adding at the end the following:

"(2) This section shall not apply to the commencement of the period of payment to a veteran of an increased award of compensation by reason of a temporary increase in compensation for hospitalization or treatment of the veteran.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1983.

REVISION OF EFFECTIVE DATE FOR RESERVE OFFICER TRAINING CORPS COVERAGE

SEC. 302. Subsection (d) of section 113 of the Veterans' Compensation, Education, and Employment Amendments of 1982 (Public Law 97-306; 96 Stat. 1433) is amended to read as follows:

"(d) The amendments made by subsections (a) and (b) and the provisions of subsection (c)—

"(1) with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated

after September 30, 1982, shall take effect as of October 1, 1982; and

"(2) with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated on or before September 30, 1982, shall take effect as of October 1, 1983.".

INCLUSION OF CERTAIN ADOPTED CHILDREN WITHIN DEFINITION OF "CHILD"

SEC. 303. (a) Section 101(4)(A) is amended by adding at the end the following new sentence: "A person covered by clause (ii) of the first sentence of this subparagraph who was a member of a veteran's household at the time the person became 18 years of age and who is adopted by the veteran shall be recognized as a legally adopted child of the veteran regardless of the age of such person at the time of adoption.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1983.

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Office of the
Administrator
of Veterans Affairs

Washington DC 20420

Veterans
Administration

ADVANCE COPY
SUBJECT TO CHANGE

Honorable Thomas P. O'Neill, Jr.
Speaker of the House
of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

I am forwarding a draft bill to increase rates of compensation for service-disabled veterans and rates of dependency and indemnity compensation payable to certain veterans' survivors. I respectfully request its introduction and enactment.

Title I would authorize the disability compensation rate increase. The compensation program is designed to provide relief from the impaired earning capacity suffered by veterans disabled during, or as a result of, military service. Rates payable vary with the degrees of disability suffered, and disability ratings are required by section 355 of title 38 to represent, to the extent practicable, the average impairment in earning capacity resulting from such disabilities in civil occupations. Special higher rates are payable for specified disabilities, and additional compensation is payable for dependents if the veteran's rating is 30 percent or higher.

Administration of this program is one of VA's most important missions. Even in times demanding stringent fiscal restraint, we recognize a duty to recommend adjustments in response to changing economic conditions. Fortunately, the significant moderation in the rate of inflation means the purchasing power of the rates that became effective October 1, 1982, will not erode at the same pace as was the case over the past several years.

In recent years, compensation rate adjustments have been keyed to the indexed cost-of-living increases in Social Security and VA pensions. Recently enacted legislation, endorsed by the Administration, will defer for a period of six months these increases, otherwise scheduled to go into effect June 1, 1983. Consistent with that policy and in recognition of the need for moderation in Federal spending, we propose a compensation rate adjustment effective April 1, 1984, that is, six months later than the traditional date for such increases, to be based on

the percentage increase currently projected for Social Security and VA pension benefits. Hence, our bill proposes an increase of 3.5% effective April 1, 1984.

Section 101 would increase rates of disability compensation, including the so-called special monthly compensation rates (except the "K" rate), by 3.5%. (As with all rates in our proposal, odd amounts resulting from our computations were rounded down to even dollars, consistent with the method employed in Pub. L. No. 97-306, the most recent rate increase.)

Sections 102 and 103 would, respectively, provide for an approximate 3.5% increase in rates of additional compensation for dependents and in the clothing allowance payable under section 362 of title 38 to certain veterans wearing or using prosthetic or orthopedic appliances.

Title II would authorize increases in dependency and indemnity compensation (DIC) rates. DIC is payable under chapter 13 of title 38 to the surviving spouses and children of veterans whose deaths were service connected. Payments at DIC rates may also be made if a veteran's death was nonservice connected but the veteran was rated as totally disabled for specified periods prior to death. Surviving spouses' DIC rates are based on the veterans' military pay grades. A surviving spouse may receive additional payments for the veteran's children under the age of 18, or if the surviving spouse is disabled. Children over age 18 who became helpless before reaching age 18 may receive DIC, as well as those age 18 to 23 attending approved educational institutions. If there is no surviving spouse, a child under the age of 18 may also receive DIC in the child's own right.

Sections 201 through 203 would increase DIC rates by approximately 3.5%, also effective April 1, 1984.

Our five-year estimate of the cost of our proposal, which is included in the economic assumptions for the April update of the President's Budget, is as follows (in millions of dollars):

FY 1984	$161.2
FY 1985	$322.5
FY 1986	$323.5
FY 1987	$324.6
FY 1988	$325.6

We estimate that an October 1, 1983, effective date for this increase, rather than the April 1, 1984 date we propose, would cost an additional $160.5 million in FY 1984.

Advice has been received from the Office of Management and Budget that there is no objection to the submission of this draft bill to the Congress, and that its enactment would be in accord with the program of the President.

Sincerely,

HARRY N. WALTERS
Administrator

ADVANCE COPY
SUBJECT TO CHANGE

98th Congress
First Session

H.R._____

A BILL

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation for surviving spouses and children of veterans.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SECTION 1.(a) This Act may be cited as the "Veterans' Disability Compensation and Survivors' Benefits Amendments of 1983".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I--COMPENSATION RATE INCREASES

RATES OF DISABILITY COMPENSATION

SEC. 101.(a) Section 314 is amended--

(1) by striking out "$62" in subsection (a) and inserting in lieu thereof "$64";

(2) by striking out "$114" in subsection (b) and inserting in lieu thereof "$117";

(3) by striking out "$173" in subsection (c) and inserting in lieu thereof "$179";

(4) by striking out "$249" in subsection (d) and inserting in lieu thereof "$257";

2.

(5) by striking out "$352" in subsection (e) and inserting in lieu thereof "$364";

(6) by striking out "$443" in subsection (f) and inserting in lieu thereof "$458";

(7) by striking out "$559" in subsection (g) and inserting in lieu thereof "$578";

(8) by striking out "$648" in subsection (h) and inserting in lieu thereof "$670";

(9) by striking out "$729" in subsection (i) and inserting in lieu thereof "$754";

(10) by striking out "$1,213" in subsection (j) and inserting in lieu thereof "$1,255";

(11) by striking out "$1,506" and "$2,111" in subsection (k) and inserting in lieu thereof "$1,558" and "$2,184", respectively;

(12) by striking out "$1,506" in subsection (l) and inserting in lieu thereof "$1,558";

(13) by striking out "1,661" in subsection (m) and inserting in lieu thereof "1,719";

(14) by striking out "$1,888" in subsection (n) and inserting in lieu thereof "$1,954";

(15) by striking out "$2,111" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$2,184";

(16) by striking out "$906" and "$1,350" in subsection (r) and inserting in lieu thereof "$937" and "$1,397", respectively;

(17) by striking out "$1,357" in subsection (s) and inserting in lieu thereof "1,404";

(18) by striking out "$262" in subsection (t) and inserting in lieu thereof "$271".

3.

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended--

(1) by striking out "$74" in clause (A) and inserting in lieu thereof "$76";

(2) by striking out "$124" and "$40" in clause (B) and inserting in lieu of thereof "$128" and "$41", respectively;

(3) by striking out "$50" and "$40" in clause (C) and inserting in lieu thereof "$51" and "$41", respectively;

(4) by striking out "$60" in clause (D) and inserting in lieu thereof "$62";

(5) by striking out "$134" in clause (E) and inserting in lieu thereof "$138"; and

(6) by striking out "$112" in clause (F) and inserting in lieu thereof "$115".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$327" and inserting in lieu thereof "$338".

4.

TITLE II--DEPENDENCY AND INDEMNITY COMPENSATION RATE INCREASES

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	Monthly rate	"Pay grade	Monthly rate
E--1	$460	W--4	$661
E--2	$475	O--1	$582
E--3	$486	O--2	$602
E--4	$517	O--3	$643
E--5	$531	O--4	$681
E--6	$544	O--5	$751
E--7	$571	O--6	$845
E--8	$602	O--7	$914
E--9	$629[1]/	O--8	$1,002
W--1	$582	O--9	$1,077
W--2	$606	O--10	$1,178[2]/
W--3	$624		

(b) Subsection (b) of such section is amended by striking out "$51" and inserting in lieu thereof "52".

(c) Subsection (c) of such section is amended by striking out "$134" and inserting in lieu thereof "$138".

(d) Subsection (d) of such section is amended by striking out "$66" and inserting in lieu thereof $68.

"1/ If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $677.

"2/ If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,264."

5.

RATES OF DEPENDENCY AND INDEMNITY
COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended--

(1) by striking out "$225" in clause (1) and inserting in lieu thereof "$232";

(2) by striking out "$323" in clause (2) and inserting in lieu thereof "$334";

(3) by striking out "$417" in clause (3) and inserting in lieu thereof "$431"; and

(4) by striking out "$417" and "$84" in clause (4) and inserting in lieu thereof "$431" and "$86", respectively.

RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY
COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended--

(1) by striking out "$134" in subsection (a) and inserting in lieu thereof "$138";

(2) by striking out "$225" in subsection (b) and inserting in lieu thereof "$232"; and

(3) by striking out "$114" in subsection (c) and inserting in lieu thereof "$117".

TITLE III--EFFECTIVE DATE

SEC. 301. The amendments made by titles I and II of this Act shall take effect on April 1, 1984.

STATEMENT OF
DOROTHY L. STARBUCK
CHIEF BENEFITS DIRECTOR
VETERANS ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON COMPENSATION,
PENSION, AND INSURANCE
HOUSE COMMITTEE ON
VETERANS' AFFAIRS
APRIL 19, 1983

Mr. Chairman and Members of the Subcommittee: I am pleased to be here this morning to present the Veterans Administration's views on a bill you recently introduced, Mr. Chairman, H.R. 2391.

Titles I and II of the bill provide for 4.1% cost-of-living adjustments in rates of disability compensation, including additional amounts for dependents, the annual clothing allowance for certain veterans requiring prosthetic or orthopedic appliances, and dependency and indemnity compensation (DIC) for surviving spouses and children. These increases would become effective April 1, 1984, six months later than has been the case for annual adjustments in recent years.

The Veterans Administration has historically recommended and supported increases designed to offset erosion of the purchasing power of compensation and DIC benefits. In recent years,

2.

compensation rate adjustments have been keyed to the indexed cost-of-living adjustments in Social Security and VA pensions. Recently enacted legislation, endorsed by the Administration, will defer for a period of six months these increases, otherwise scheduled to go into effect June 1, 1983. Consistent with this policy and in recognition of the need for moderation in Federal spending, we have transmitted draft legislation to the Speaker of the House proposing a cost-of-living adjustment of 3.5% in compensation and DIC rates, also effective April 1, 1984. The 3.5% figure represents the Administration's current estimate of the January 1, 1984 cost-of-living adjustment for Social Security and VA pensions. Should the actual increase in these other programs prove different, we will support an increase in compensation of an identical percentage. We anticipate that any future cost-of-living increases would be provided on April 1 of each year.

Mr. Chairman, in our bill we have rounded down to even dollars when the new rates we computed resulted in odd amounts. This is consistent with the method employed in Pub. L. No. 97-306, the most recent rate increase. The costs of our bill would be $161.2 million in FY 1984, and $322.5 million in FY 1985. By contrast, titles I and II of H.R. 2391, if enacted, would cost $202.4 million in FY 1984 by our estimate, and $402.7 million in FY 1985.

3.

Title III of H.R. 2391 contains three "miscellaneous" provisions that would affect the compensation and pension programs, one of which is unwarranted. Section 301 would provide for a limited override of section 3011 of title 38, United States Code, a cost-saving provision enacted last year as part of the Omnibus Budget Reconciliation Act of 1982 (Pub. L. No. 97-253). This section, informally known as the "stub-month rule," generally requires the period of payments based on an award or an increased award to commence on the first day of the month following the effective date of entitlement.

The proposed amendment would override the stub-month rule but only to the extent it affects a veteran entitled to an increased award by virtue of sections 4.29 or 4.30 of title 38, Code of Federal Regulations. These regulations, paragraphs 29 and 30 of the Rating Schedule, apply when a veteran rated less than totally disabled as a result of service is hospitalized for treatment of a service-connected disability. If the veteran remains hospitalized for 21 days or more, paragraph 29 authorizes the assignment of a temporary total rating, effective the first day of hospitalization and terminating the last day of the month of discharge. Because of the stub-month rule, compensation at the total rate does not begin until the first day of the month following the month of hospital admission; if the entire period of hospitalization occurs within one calendar month, the veteran will not receive an increase in compensation based on the paragraph 29 rating.

4.

Assuming a veteran is to be hospitalized for the requisite 21-day period, his or her chances of receiving additional compensation are enhanced if he or she enters the hospital after the 10th or 11th day of the month.

Similarly, paragraph 30 authorizes a temporary total rating effective the first day of hospitalization and continuing for one, two or three months following hospital discharge as necessary for convalescence. Under the stub-month rule, compensation does not begin until the first day of the month following the month of hospitalization.

Undoubtedly, the stub-month rule has a disparate impact related to the day of the month on which an event occurs. This is true not only with regard to the paragraph 29 ratings but also for other situations. For example, if a veteran's initial compensation award is effective on the day following discharge from service, it is more advantageous for the veteran to have been discharged toward the end of a month. It is also to a veteran's advantage that his or her child is born on the last day of the month.

We do not consider the impact in the paragraph 29 situation as creating hardship or in any other way calling for a legislative exception to current payment rules. In our view, the enactment of section 301, which would result in costs of $6.5 million in fiscal year 1984, is not warranted.

5.

Section 302 would enlarge the category of persons who, if disabled as a result of injury or disease during Senior Reserve Officers' Training Corps field training or practice cruises, could qualify for disability compensation (or their survivors for DIC). Under section 113 of Pub. L. No. 97-306, these benefits were made available if the qualifying diseases or injuries occurred during such training after September 30, 1982. H.R. 2391 would create eligibility with respect to disabilities and deaths from earlier periods of training.

The effect would be minimal. DIC has since 1970 been available to survivors of ROTC members whose deaths resulted from annual training duty scheduled to continue for fourteen or more days. Furthermore, until Pub. L. No. 97-306 was enacted, disabilities resulting from such training qualified these individuals for Federal Employees' Compensation. Cadets disabled as a result of training before October, 1982, would be permitted to elect VA compensation in lieu of Federal Employees' Compensation under section 302 of the bill. The costs would be insignificant, and in view of Congress' decision to permit VA compensation for post-September 1982 disabilities, we do not oppose this amendment.

Finally, Mr. Chairman, section 303 of your bill would amend section 101(4) of title 38 to qualify as a veteran's "child," for VA purposes, an adult adopted by the veteran if the adopted person was (1) a member of the veteran's household upon reaching age 18 and (2) who, before reaching that age,

6.

became permanently incapable of self-support. As it has been interpreted by VA, current law permits us to recognize, as veterans' dependents, adult individuals who became helpless before age 18 and were adopted as children.

Mr. Chairman, we are certain the instances of adult "helpless" persons being adopted are rare. Furthermore, because the amounts of VA benefits payable for or to a child are relatively modest in comparison to the expenses of supporting a helpless adult, we do not anticipate abuses of this change in law. It is consistent with the statutory scheme of providing additional benefits to veterans with dependents, and we do not oppose this provision, the costs of which would be insignificant.

Mr. Chairman, that concludes my prepared remarks. We will be pleased to entertain any questions.

21-159 O—83——4

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

DONALD H. SCHWAB, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
U. S. HOUSE OF REPRESENTATIVES

WITH RESPECT TO COST-OF-LIVING INCREASES IN THE COMPENSATION
AND DEPENDENCY AND INDEMNITY COMPENSATION PROGRAMS

WASHINGTON, D. C. APRIL 19, 1983

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the Veterans of Foreign Wars of the United States.

My name is Donald H. Schwab, and it is my privilege to serve the more than 1.96 million men and women of the Veterans of Foreign Wars as their National Legislative Director.

Mr. Chairman, the legislation under consideration today, H.R. 2931, introduced by you, would, effective April 1, 1984, grant a 4.1 percent cost-of-living increase in compensation payable to our 2.3 million veterans suffering from service-connected disabilities; in rates of additional compensation for dependents of veterans rated 30 percent or more disabled; in Dependency and Indemnity Compen-

sation for the more than 348,000 surviving spouses and children of Armed Forces personnel killed while on active duty or who were rated permanently and totally disabled due to their service-connected disabilities at the time of death; and make several miscellaneous changes.

Mr. Chairman, it is a matter of record that when the President submitted his proposed budget for the fiscal year 1984 to Congress it included a 5.1 percent increase in the Compensation and Dependency and Indemnity Compensation Programs. Further, that such increase and cost-of-living increases in all federally funded benefit programs be deferred six months to help curb the growing annual deficit in the federal budget.

Mr. Chairman, the House passed First Concurrent Budget Resolution, House Concurrent Resolution 91, closely tracks the President's proposed budget insofar as it pertains to the Veterans Administration and veterans' benefits and services. This Resolution proposes, as does the legislation under consideration today, a 4.1 percent cost-of-living increase in the Compensation and Dependency and Indemnity Compensation Programs rather than the 5.1 percent increase proposed in the President's budget. The VFW finds no fault with the 4.1 percent increase, Mr. Chairman, since it is an updated calculation and more accurately reflects the dramatic decline in inflation over the past year.

Both the President's proposed budget and House Concurrent Resolution 91 would delay cost-of-living increases for federal beneficiaries six months. Thus, the 4.1 percent increase in the Compensation and Dependency and Indemnity Compensation Programs would become effective April 1, 1984, rather than October 1, 1983. Mr. Chairman, the VFW reluctantly agrees to this deferred cost-of-living increase and supports it to help reduce the federal deficit and maintain the integrity of the Compensation Programs provided that the beneficiaries of all other federally

funded programs, without exception, are required to make exactly the same sacrifice. You will appreciate, Mr. Chairman, that if one single exception is made for any group of federal beneficiaries, the VFW will fight with every resource at our disposal so penalizing our disabled veterans and their survivors.

In addition to the foregoing, Mr. Chairman, H.R. 2391 would amend current law as follows:

1. Section 301 would, effective October 1, 1983, amend so much of Public Law 97-253 encoded as 38 USC 3011 which stipulates that payment of monetary benefits based on an award or an increased award of compensation may not be made to an individual for any period before the first day of the calendar month following the month in which the award or increased award became effective. Inadvertently, this provision created an inequity for certain service-connected veterans who are hospitalized for an extended period for a service-connected disability. Veterans who are hospitalized more than 21 days for a service-connected disability may be assigned a temporary total rating. Under the first full month of entitlement provision, a veteran hospitalized on the 31st of the month for 28 days suffers no loss of benefits. However, if hospitalized on the second day of the month for 28 days, increased benefits are not received by the veteran because of the restriction on payment until the first day of the following month. The proposed amendment to section 3011(c) would rectify this injustice by inserting "(1)" after "(c)" and by adding at the end the following: "(2) This section shall not apply to the commencement of the period of payment to a veteran of an increased award of compensation by reason of a temporary increase in compensation for hospitalization or treatment of the veteran."

2. Section 302 would amend section 113(d) of Public Law 97-306 by providing entitlement to disability compensation to Senior Reserve Officers' Training

Corps participants who suffered a disability in line of duty on or prior to September 30, 1982, effective October 1, 1983.

3. Section 303 would, effective October 1, 1983, amend 38 USC 101(4)(A) to include in the term "child" a disabled child adopted after its 18th birthday if the child was being supported by the veteran on its 18th birthday.

Mr. Chairman, the VFW supports the several miscellaneous amendments to current law enumerated above and we support the timely advancement and passage of H.R. 2931.

Mr. Chairman, although this hearing addresses a specific legislative initiative, it is incumbent upon me to bring to your attention the following resolutions passed by the voting delegates to our 83rd National Convention which relate to compensation and are appended to my testimony:

Resolution No. 636 -- "Concurrent Payments of VA Disability Compensation and Military Retirement Pay"

Resolution No. 726 -- "Opposing Any Proposal That Would Offset Payment of VA Compensation and Social Security Disability Insurance Benefits or Any Other Federal Benefit"

Resolution No. 730 -- "To Provide a Ten Year Protection Period for Service-Connected Disability Evaluations"

Resolution No. 745 -- "Melioidosi

Mr. Chairman, the VFW appreci[illegible]rving dedication of this Subcommittee in its concern for the welf[illegible] of o[illegible]'s disabled veterans and their survivors.

This concludes my testimony, and [illegible], to respond to any questions you may have.

Thank you.

Resolution No. 636

CONCURRENT PAYMENTS OF VA DISABILITY COMPENSATION AND MILITARY RETIREMENT PAY

WHEREAS, ex-servicemen who are retired from the military on length of service must waive a portion of their retired pay in order to receive disability compensation from the Veterans Administration; and

WHEREAS, it would be more equitable if the laws and regulations were changed to provide that in such cases the veteran would be entitled to receive both benefits concurrently since his eligibility for them was accrued or earned under two different sets of enabling laws and regulations; now, therefore

BE IT RESOLVED, by the 83rd National Convention of the Veterans of Foreign Wars of the United States, that we support legislation and changes in applicable regulations which would provide that a veteran who is retired for length of service and is later adjudicated as having service-connected disabilities may receive concurrent benefits from the military department and from the VA without deduction from either.

Adopted by the 83rd National Convention of the Veterans of Foreign Wars of the United States held in Los Angeles, California, August 13-19, 1982.

Resolution No. 636

Resolution No. 726

OPPOSING ANY PROPOSAL THAT WOULD OFFSET PAYMENT OF VA COMPENSATION AND SOCIAL SECURITY DISABILITY INSURANCE BENEFITS OR ANY OTHER FEDERAL BENEFIT

WHEREAS, there has been consideration given to providing an offset of Social Security Disability Insurance by payments of any other federal benefit; and

WHEREAS, the adoption of such a measure would reduce the overall income provided to those service-connected veterans who have a compensable disability and who also suffer a permanent and total disability for purposes of Disability Insurance Benefits from the Social Security Administration; and

WHEREAS, such an offset would work a grave and undue hardship on all totally disabled service-connected veterans and their families by drastically reducing their total income; and

WHEREAS, benefits received from the Veterans Administration or under military retirement pay and other federal programs have differing eligibility criteria as compared to the earned payments of Social Security Disability Insurance Benefits; now, therefore

BE IT RESOLVED, by the 83rd National Convention of the Veterans of Foreign Wars of the United States, that we strongly oppose any measure which proposes to offset the payment of any other federal benefit or earned benefit entitlement by VA compensation payments made to service-connected disabled veterans.

Adopted by the 83rd National Convention of the Veterans of Foreign Wars of the United States held in Los Angeles, California, August 13-19, 1982.

Resolution No. 726

Resolution No. 730

TO PROVIDE A TEN YEAR PROTECTION PERIOD
FOR SERVICE-CONNECTED DISABILITY EVALUATIONS

WHEREAS, Section 110 of Title 38, U. S. Code, now provides for the protection of all disability compensation evaluations that have been continuously in effect for 20 or more years; and

WHEREAS, permanency should be conceded for disability compensation ratings which have been in effect for 10 years without change in evaluation with no further examination scheduled; now, therefore

BE IT RESOLVED, by the 83rd National Convention of the Veterans of Foreign Wars of the United States, that Section 110 of Title 38, U. S. Code, be amended to provide that disability evaluations continuously in effect at the same evaluation rate be protected after a period of 10 years.

Adopted by the 83rd National Convention of the Veterans of Foreign Wars of the United States held in Los Angeles, California, August 13-19, 1982.

Resolution No. 730

RESOLUTION No. 745

MELIOIDOSIS

WHEREAS, Medical researchers have determined that 1/4 of a million Vietnam veterans may still carry the germ of a chronic disease, melioidosis, from Southeast Asia which symptoms typically do not show up for a decade or longer; and

WHEREAS, its symptoms do mimic common diseases, such as pneumonia, arthritis and even heart trouble and if treated improperly, will flare up again; and

WHEREAS, if untreated, chronic melioidosis can attack virtually every major organ in the body with the exception of the gastrointestinal system, usually through internal abscesses or lesions and can be fatal; and

WHEREAS, it is most often misdiagnosed; now, therefore

BE IT RESOLVED, by the 83rd National Convention of the Veterans of Foreign Wars of the United States, that a 20 year presumptive period be established for melioidosis in 38 U.S.C. 312.

Adopted by the 83rd National Convention of the Veterans of Foreign Wars of the United States held in Los Angeles, California, August 13-19, 1982.

Resolution No. 745

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

STATEMENT of

Richard W. Johnson, Jr.
National Legislative Director

before the

Subcommittee on Compensation
Pension and Insurance
Committee on Veterans Affairs

on

Veterans Disability Compensation Amendments

April 19, 1983

NATIONAL CAPITAL OFFICE
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The Non Commissioned Officers Association is grateful for this opportunity to present its views on improvements and modification to compensation programs for veterans and their survivors as proposed in H.R. 2391, the "Veterans' Disability Compensation Amendments Act of 1983." We will also take this opportunity to renew for the committee our concern with the structure of the Dependency and Indemnity Compensation (DIC) program.

In 1981 Congress provided an 11.2 percent increase in veterans disability and survivor benefits. Last year, a 7.4 percent increase was provided. Each adjustment closely reflected the actual increase in the cost of living during the previous twelve months.

This year, H.R. 2391 proposes an increase in Compensation and survivor benefits that also reflects the actual increase in the cost of living. However, it also proposes that the effective date of the increase be delayed by six months to assist in the Nation's economic recovery. At the same time it has been promised that other federal programs "indexed" against inflation will share the burden.

NCOA accepts the proposal for two primary reasons. Foremost, this sacrifice can significantly help the Nation. Additionally, the savings represented by the proposed delay protects other important improvements in the Veterans Administration budget. However, like our sister organizations, we will withdraw our support for the proposed delay if similar delays are not imposed on other federal programs.

Also contained in H.R. 2391 are provisions to revise dependency recognition rules as they pertain to helpless adopted children and modifications to the commencement periods for coverage of increased awards based on hospitalization and disabilities or deaths of ROTC participants. The Association has no objections to these provisions. In summary, NCOA fully supports the immediate passage of H.R. 2391, yet we continue to support a major revision in the DIC program.

DIC payments are made on a graduated scale based on the rank the deceased veteran held at time of death or discharge from the armed forces. There are no considerations given to the degree or type of disability which led to the veterans death. There is no consideration given to how the disability was incurred or to the length of time it existed. Hence, two survivors of veterans with similiarly disabling conditions will receive different rates of compensation. The widow of an enlisted man killed in Vietnam will receive less in compensation than the widow of an officer killed in an automobile accident on our Nation's highways. Worse yet, the widow of a senior noncommissioned officer who had given 18 years in the service before his death will receive less than the surviving spouse of a lieutenant who served only two years. These are but a few of the inequitable disparities that exist in the system. Regretably it is easier to identify the disparities than to find a remedy.

Since 1974 when NCOA first pointed out this problem in testimony before the committee, there have been a number of suggestions advanced. One study mandated by Congress with the passage of Public Law 94-433 took more than a year to conduct. It determined that widows of junior officers were generally better educated than enlisted men's wives in their age group. It found that they had fewer children and larger personal earnings. The study found that the surviving spouses of senior officers generally had the largest incomes from other sources. Generally speaking, the study found that the largest DIC payments were being made to survivors in a relationship that is inverted to need. Yet the study concluded that the current system should be retained--not because it was the best--because it was the least objectionable.

Still, many organizations believe there is a better method of payments available. One of the most popular is to reduce the number of pay brackets from 28 to four, but in reality it still would perpetuate many of the current problems.

Another suggestion has been to pay the surviving spouse a percentage of the disability compensation the veteran was receiving. This idea would probably be fine for the survivor of a veteran who was rated at 60 percent or more. But, it does little to compensate the survivor of a beteran who had a ten percent rating for hypertension and died from a stroke. Neither will it work for the servicemember who dies on active duty. This, in turn, has led to yet another suggestion; one which would create a two tier program. One tier would apply to in-service deaths, the other to post-service deaths.

In the final analysis, the most appropriate form of DIC is probably a single payment to all survivors. A supplemental compensation program for the survivors of permanently and totally diabled veterans, constructed to recognize the family's contribution to the welfare of severely disabled veterans, might be appropriate.

NCOA remains open to suggestions on how the DIC system should be changed and we ask the committee to continue to explore alternatives to the present system.

PARALYZED VETERANS OF AMERICA

CHARTERED BY THE CONGRESS OF THE UNITED STATES

STATEMENT OF

EARL KELLY, ASSOCIATE LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

OF THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING

COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION (DIC)

APRIL 19, 1983

Mr. Chairman and Members of the Subcommittee, it is a pleasure for Paralyzed Veterans of America to appear today and present the views and concerns of its members on the compensation and dependency and indemnity compensation (DIC) programs administered by the Veterans Administration. I am Earl Kelly, Associate Legislative Director, of Paralyzed Veterans of America.

In our examination of the compensation and DIC programs we will discuss the provisions of H.R. 2391, the proposed "Veterans' Disability Compensation Amendments of 1983." Furthermore, PVA will look at two specific topics not being directly addressed today but which we feel this Subcommittee should give serious consideration. These two topics are the need for amending the

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DIC program and the need for greater emphasis on disabled veterans' employment.

PVA recognizes that this Subcommittee does not have jurisdiction per se over this latter topic, veterans' employment programs; however, as will be examined in some depth later in this testimony, certain veterans employment laws are designed and implemented in a manner that directly overlaps with the service-connected disability compensation and non-service-connected disability pension programs, matters over which this Subcommittee does have jurisdiction. As will be discussed in detail later in this testimony, NSC pension laws, as they are presently structured, too often discourage veterans from returning to the work force and therefore result in unnecessary government expenditures.

On behalf of the members of Paralyzed Veterans of America and all disabled veterans and their families, I trust that the Members and staff of this very authoritative Subcommittee can take the time to examine PVA's discussion of those areas that are dealt with in this statement but which are not directly under consideration today. This request is made because these veterans issues are so important to veterans and their families. Problems have existed in these areas for a long while, and it is time for Congress to address them seriously.

PVA would like to begin by examining briefly the provisions of H.R. 2391, the proposed "Veterans' Disability Compensation Amendments of 1983." PVA has examined the draft bill and found that it would provide an average 4.1 percent increase in compensation and DIC benefits to be effective April 1,

1984. Additionally, there are provisions in H.R. 2391 relating to adoption of handicapped children by veterans, exempting from the restrictions of Public Law 97-253 the temporary rating increases caused by hospitalization, and amending eligibility for benefits to members of the Reserve Officers Training Corps who were injured prior to October 1, 1982.

PVA continues to support the President's policy, as contained in the Administration's Fiscal Year 1984 budget proposal, that cost-of-living increases in veterans service-connected disability compensation and non-service-connected disability pension be delayed for six months, a provision that is contained in H.R. 2391. In light of efforts to restrain and reduce growing budget deficits, we realize that it is incumbent upon all citizens to be willing to assist in the government's efforts.

Our support for delayed increases in comepensation and pension benefits, it should be stated again today, is based on the fact that all Americans are to be asked to share equally in this sacrifice. It would be unconsionable to ask men and women who have already sacrificed in the service of their nation to undergo more hardship when other beneficiaries of other federal programs are not asked to do the same.

Furthermore, in looking at the proposed 4.1% increase in compensation benefits, PVA anticipates that this rate of increase will be adequate. We have always supported a viable disability compensation program to care for the needs of service-connected disabled veterans and their families. These benefits should be increased each year to keep abreast of the effects of inflation. Unfortunately, the last five years have seen increases in

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compensation run slightly behind the rate of inflation, as indicated by the December-to-December Consumer Price Index.

Congress created the compensation program to provide for the loss of earning capability, when the diminished capacity results from injury or illness incurred while in service to the nation. Compensation is, for many of PVA's members, an extremely important and necessary entitlement because, for catastrophically disabled veterans, it remains basically their primary source of income.

PVA trusts that rampant inflation is being curtailed, and economic indicators show that its rate has been reduced. Therefore, we anticipate that the proposed increase of 4.1% will be adequate; however, should there be unexpected rises in the Consumer Price Index that exceed this rate of increase, we expect Congress to amend compensation increases accordingly.

There has not been, in recent memory at least, a delay in cost-of-living adjustments such as that proposed in H.R. 2391, whereby Congress must predict the rate of inflation for a full year. In the past, such increases have been approved by the Committees on Veterans' Affairs in the spring of each year, the full Congress has examined them in late summer or early fall, and they have become effective each 1 October.

Because the new temporary procedure of delaying benefits is unusual, PVA requests special vigilance by the Members of this Subcommittee. We ask that particular attention be given to the possibility that inflation may again

accelerate and that service-connected disabled veterans and their families could again receive increases less than the actual rate of inflation.

PVA is very supportive of the provision of H.R. 2391 whereby all categories of service-connected disabled veterans are to receive the same rate of increase in compensation benefits. This accross-the-board approach recognizes that increases in compensation benefits should always be given in the same percentage, regardless of the degree of disability. The rate of compensation is set by statute, according to degree of disability. The disability rating, therefore, determines the base amount any individual veteran is to receive, and annual adjustments should be made only to offset the effects of inflation.

PVA continues to oppose efforts such as those which prevailed in 1980, when Congress used the cost-of-living increase to actually adjust base rates. Public Law 96-385, the "Veterans' Disability Compensation and Housing Benefits Amendments of 1980," provided two levels of cost-of-living adjustments. Veterans rated 10-40 percent service-connected disabled received increases of 13%, while those rated 50-100 percent saw their compensation benefits increased by 14.3 percent.

The "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," Public Law 97-66, dramatized this differentiation between veterans even more, when it increased compensation rates by adjustments which varied from 7% (10-40 percent disability) to 17% (70-90 percent disability).

One might think that there was a logical scheme behind these rate increases. However, there was no correlation betweem increases in benefits and degree of disability, as reflected in the fact that an 11% increase in benefits was made for those rated 50-60 percent disabled, and the most disabled veterans, those rated 100 percent disabled, received an increase of ten percent.

This, again, was an effort by Congress to adjust base rates of disability compensation for certain categories of disabled veterans. PVA does not support this use of cost-of-living adjustments, even were those who are most disabled to receive the largest percentage of increase in their compensation benefits.

PVA, quite certainly, does not resent increases in benefits for veterans who have experienced any of the recognized compensable degrees of disabilities. However, we feel that it is a dangerous precedent for Congress to differentiate between service-connected disabled veterans in this manner. After all, President Reagan's budget proposal for last year (Fiscal Year 1983) reflected a belief that some service-connected disabled veterans did not warrant their benefits: this belief was reflected in the suggested elimination of certain benefits in cases where veterans are 50 percent or less disabled due to service-connected disabilities.

PVA feels that when Congress differentiates between veterans by degree of disability, it is inviting critics to make attacks on service-connected disabled veterans and then to excuse themselves by saying that veterans with lesser disabilities should be penalized. The fact is that <u>all</u> levels of service-connected disability deserve the nation's gratitude, and Congress can

set levels of compensation and dependents' benefits accordingly. If Congress determines that any particular levels of compensation are inadequate, it has a moral duty to raise those benefits: but, it must be careful to state clearly its reasons and to not confuse base rate adjustments with cost-of-living increases.

In short, PVA strongly supports the approach contained in H.R. 2391, whereby (except for variations that arise because of rounding payments to even dollars) veterans with all degrees of compensable service-connected disabilities are to receive the same rate of increase in compensation benefits.

Mr. Chairman and Members of the Subcommittee, PVA would like to direct its comments at this time to the three miscellaneous provisions contained in Title III of H.R. 2391. These amendments would affect only a small number of veterans and their families. However, we regard all three provisions as being very equitable. PVA, therefore, supports passage of these miscellaneous provisions.

The first of the three provisions would correct an inequity recently implemented into law whereby a veteran who is hospitalized for a service-connected disability (such as a 10 percent rating) would not receive a

temporary 100 percent disability rating unless hospitalized on the first of a month. As the law is currently, this means that a veteran could spend nearly a month in the hospital wihtout the severity of his service-connected

disability being adequately compensated. Section 301 of H.R. 2391 seeks to rectify this oversight and PVA supports this amendment.

Second, Section 302 of the bill under consideration addresses the needs of those persons who were disabled before October 1, 1982, while serving in the Reserve Officers Training Corps. Under the proposed amendment they would be eligible for service-connected disability benefits effective October 1, 1983. This measure will not be of considerable cost to the government because of the limited number of persons who will be affected. However, it recognizes their contribution to the nation and compensates them for their sacrifices. PVA therefore supports this amendment.

Finally, Section 303 of H.R. 2391 would rectify problems that have arisen for a small group of service-connected disabled veterans and their families. In short, under existing law, a service-connected disabled veteran can take into his home a handicapped child and rear that child as a family member, but failure to adopt the child before he or she reaches age 18 bars entitlement for the handicapped child to VA benefits that would otherwise be available. PVA strongly supports the amended definition of "child" for adoption purposes and eligibility for VA benefits, to include a handicapped person who resided in the veteran's household at the time the person became 18 years of age but who is adopted at a later time by the service-connected disabled veteran. In passing this amendment Congress would be giving proper recognition to the generosity and kindness extended to handicapped children by certain veterans.

Dependency and Indemnity Compensation

The bill under consideration, H.R. 2391, provides for a 4.1 percent cost-of-living increase in DIC benefits. Again, PVA finds this to be an adequate adjustment in benefits rates, under present economic conditions. However, the proposed "Veterans' Disability Compensation Amendments of 1983" reflects a lack of congressional attention to one of the major shortcomings of the DIC program, the awarding of DIC benefits based on the veteran's military pay grade. PVA has opposed this inequity in the DIC program for years.

Under existing law, the survivor receives DIC benefits based on the veteran's military pay grade and not on his degree of disability. PVA understands the rationale for awarding benefits based on pay grade when a serviceman dies while in active military service. However, when service-connected disabled veterans died from service-connected causes years after termination of their military service, there is little or no correlation for using military pay grade as the basis of computing surviving spouses' Dependency and Indemnity Compensation benefits.

We have discussed with other veterans' service organizations the problems that arise for surviving spouses because of this awarding of benefits based on military pay grade. While there are varying views as to the most appropriate ways for Congress to resolve this matter, there is a consensus that the DIC program should be restructured.

PVA understands that Congress cannot restructure the DIC program this year; however, we do feel that this Subcommittee should address the issue later in

this Session, after the bulk of its workload has been finished. Then, next year, the Second Session could possibly see needed changes made in the DIC program.

Congress has recognized the advancing age of millions of veterans, as evidenced by efforts to improve the VA's geriatrics program and by the extension of non-service-connected disability pension based on a presumption of disability at age 65. A corollary of these demographics is that certain older spouses of veterans are becoming increasingly reliant on survivors' benefits for support.

Very often the surviving spouse of a severely disabled veteran has provided extensive care to the veteran because of his service-connected disability. It is well recognized that the cost of continuous attendant care can and often does greatly exceed the maximum aid and attendance allowance (A&A) for service-connected disability. The result is that despite the very helpful A&A allowance, the spouses of service-connected disabled veterans often must provide time-consuming services which these veterans cannot provide for themselves. This service produces great savings for the government in situations where, without the spouses' assistance, veterans otherwise would require institutional care.

Upon becoming widowed a surviving spouse who receives DIC may be willing to seek employment but she would, in many cases, not have marketable skills due to the constant care needed by the veteran until his death. In addition, the spouse often must seek employment at a time in life when most full-time career employees would be considering retirement.

In early 1982 PVA randomly surveyed nearly 100 surviving spouses who are in receipt of DIC benefits. We found that 56 percent were over fifty years of age, and 66 percent had been married to service-connected-disabled veterans for over twenty-one years. (Approximately 88 percent had been married to 100-percent service-connected disabled veterans for more than 10 years each.)

Obviously, PVA's belief is correct that numerous surviving spouses are left alone in life at a time when employment is difficult for them to obtain. This too often comes after they have helped care for severly disabled and catastrophically disabled veterans for extended periods of their lives.

In early 1978 the Veterans Administration presented to Congress and the President its "Evaluation of Benefits under the Dependency and Indemnity (DIC) Program." This study was done pursuant to Section 204 of Public Law 94-433, the "Veterans Disability Compensation and Survivor Benefits Act of 1976."

The "Evaluation of Benefits" found that 48.8 percent of surviving spouses in receipt of DIC received monthly payments based on military pay grades E-1 through E-4, and their mean age, as of December 1976, was 60.49 years. The report projected a decrease in the total number of DIC recipients because of spouses' advancing age and the maturation of dependent children. Also important in the reduced number of DIC recipients is that dependent parents are experiencing an increased mortality rate, while others are becoming eligible for non-VA old-aged benefits. In short, by 1976 the number of DIC recipients was decreasing more rapidly than new ones were becoming eligible.

There is a decreasing number of DIC recipients and, based on their financial needs and their contribution to the nation through caring for service-connected-disabled veterans, PVA feels that the DIC program should be restructured to care more adequately for the surviving spouses of veterans who served in the lower military pay grades. In these cases DIC should be awarded on the basis of the veteran's degree of disability, not on military pay grade.

Basing DIC benefits on the veteran's degree of disability has much more correlation to what the surviving spouse should receive than does basing them on veterans' military pay grade, a status which likely has not been operative in an individual's life for many years. It must be emphasized that the service-connected disabled veteran receives compensation benefits based on his degree of disability (not on the military pay grade at which he served when he became disabled): this, the degree of disability, also largely determines the demands placed on the spouse who cares for the service-connected disabled veteran.

Most veterans, especially those who serve in wartime, are not careerists but are citizen soldiers, there only for the duration of the war. Consequently, they have served in the lower military pay grades, where debilitating injuries are prevalent. Basing DIC on military pay grade, not on degree of injury, therefore leaves many surviving spouses of veterans with inadequate benefits despite the service rendered to the nation by the veterans and, indirectly, by the surviving spouses who have helped them live meaningful lives free of costly institutions.

At the death of the service-connected disabled veteran the surviving spouse finds herself faced with new expenses. For example, some states exempt the service-connected disabled veteran from having to pay property taxes on his home; however, upon the veteran's death, the surviving spouse is assessed taxes on the house, taxes that can be very high on a spacious wheelchair-accessible home.

Upon being widowed, the surviving spouse also finds herself having to maintain a house with DIC benefits that are adequate only for personal maintenance. A number of the DIC recipients who responded to PVA's questionnaire in 1982 reported that they were having to sell their homes: some were selling because they could not afford mortgage payments, others because they could not even afford maintenance and/or taxes on the houses that had already been paid for during their husbands' lives.

As stated, PVA's foremost concern is the urgent need for improving DIC benefits available to the surviving spouses of veterans who served in the lower military pay grades. (It is worth repeating that the VA found in 1978 that 48.8 percent of surviving spouses in receipt of DIC were married to veterans who had served in pay grades E-1 through E-4, and these are the military grades in which individuals are most likely to experience serious or catastrophic service-connected disabilities.)

As a reminder of the small monthly DIC benefits payments available to the surviving spouses of these veterans, there appears at the end of this discussion a table that lists DIC rates currently paid to surviving spouses of 100 percent service-connected disabled veterans.

Even with the 4.1 percent increase in benefits payments contained in H.R. 2391, spouses of veterans who served in the lower military pay grades will not receive compensation that adequately meets their financial needs or that even approximately recognizes their contribution to veterans who have served the nation.

PVA maintains that the DIC rate should be based on the individual veteran's degree of disability, in the same manner as are his compensation benefits. For example DIC benefits should be at some portion (such as 75 percent) of the disabled veteran's monthly compensation rate at the time of death.

Under PVA's proposal, DIC benefits based on 75 percent of the veteran's monthly compensation rate would be computed only on basic compensation and would not include awarding a surviving spouse any portion of the veteran's aid and attendance allowance.

Even though PVA supports granting surviving spouses 75 percent of the base monthly compensation rate, there are likely to be alternative computation formulas that would produce desirable results. We would support a proposal designed by this Subcommittee or advanced by other veterans' service organizations that reached the same result, more equitable recognition of the needs of and contributions made by the surviving spouses of service-connected disabled veterans.

Dependency and Indemnity Compensation Rates

Veteran's Pay Grade	Monthly Rate
E-1	$445
E-2	459
E-3	470
E-4	500
E-5	514
E-6	526
E-7	552
E-8	582
E-9[1]	608
W-1	563
W-2	586
W-3	603
W-4	639
O-1	563
O-2	582
O-3	622
O-4	658
O-5	726
O-6	817
O-7	884
O-8	969
O-9	1,041
O-10[2]	1,139

[1]If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, the rate is $655.

[2]If the veteran served as Chairman of the Joint Chiefs of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, the rate is $1,222.

Veterans Employment

Mr. Chairman and Members of the Subcommittee, as you know the Subcommittee on Education, Training and Employment of this full Committee is considering today the "Emergency Vietnam Veterans Job Training Act of 1983." Furthermore, Mr. Chairman, as PVA examines H.R. 2391, the proposed Compensation Amendments of 1983 being considered here, it is evident to PVA that in the cases of certain veterans a distinct relationship exists between the structure of veterans benefit programs and employment programs.

Obviously, compensation benefits are provided to service-connected disabled veterans in recognition of their lost earning potential. Similarly, catastrophically disabled non-service-connected (NSC) veterans receive pension benefits when other income sources are unavailable to them.

The Veterans Administration is currently conducting an unemployability review of veterans rated 70, 80, or 90 percent disabled and in receipt of compensation at the 100 percent rate by virtue of their unemployability. It seems extremely callous to conduct such a review and in many cases disallow the unemployability determination at a time of unprecedented unemployment. Today, many Americans, whether severely disabled veterans or not, are unable to find employment. While the review certainly may be legitimately motivated, the timing is inappropriate.

PVA believes that (since certain veterans are experiencing reductions in their rate of compensation when they are determined to be employable) special consideration should be provided them in employment-related programs.

It is hoped that by your efforts the Veterans Administration, when disallowing a veteran's unemployability, will be directed to provide employment assistance to that veteran. Additionally, PVA trusts that any employment or jobs training program that is created for veterans will contain specific provisions for any veteran who has been so affected.

We understand that veterans employment programs are not part of this Subcommittee's jurisdiction; however, PVA recognizes both the dedication to veterans of each Member of this Subcommittee and the important role that each plays in the deliberations of the full Committee. Therefore, we ask that the Members of this Subcommittee give special attention to the employment needs of disabled veterans.

One employment-related issue that is squarely within the jurisdiction of this Subcommittee deals with non-service-connected disabled veterans who are in receipt of pension but who desire to return to gainful employment.

The NSC pension program has not been the subject of hearings by this or any Subcommittee or Committee in approximately five years, since implementation of the "Veterans' and Survivors' Pension Improvement Act of 1978," Public Law 95-588. PVA, approximately half of whose membership consists of catastrophically disabled non-service-connected disabled veterans, asks that this Subcommittee take action to remove work disincentives contained in the NSC pension program, disincentives that lead to added government expenditures and which discourage severely disabled veterans from realizing their full potential as productive citizens.

As noted, the NSC disability pension program has work disincentives constructed into it that lead to unnecessary government expenditures. These work disincentives are manifested in the fact that pension benefits are immediately terminated when a pension recipient assumes gainful employment. Even more threatening to severely disabled NSC pension recipients who contemplate employment is that, along with the loss of benefits, eligibility for VA health-care services is lost.

A number of PVA's younger NSC members, all of whom are catastrophically disabled, have stated that they desire to return to gainful employment. However, they are precluded from pursuing their worthy goals because their initial earnings would not meet their basic needs. Furthermore, because of the severity of their disabilities, they are frightened by the fact that upon returning to employment they would be without adequate medical care, at least during their initial periods of employment.

Severely disabled younger veterans are often capable of rehabilitation to the point of becoming employed. However, many are understandably reluctant to attempt employment because they are uncertain of their employability and recognize that the job market is not as receptive to them as it is to other workers. Faced with these uncertainties, severely disabled veterans too often are forced to discount employment in favor of health-care considerations. Consequently, they fail to recognize their potential productivity, society loses their contributions, and government has additional benefits recipients instead of taxpaying workers.

Congress has recognized work disincentives in other programs and has attempted to remove them. The societal costs of disability have received great attention during the past few years: Congress and the Administration gave consideration to this matter with passage and signing into law of the "Social Security Disability Amendments of 1980," Public Law 96-265. The law contains dual provisions that are to encourage disabled citizens to return to the work force and which are to reduce expenditures made by the Social Security Disability Insurance (SSDI) program. Public Law 96-265 accomplishes its goals by creating needed work incentives and by reducing benefits payments for certain recipients who become disabled on or after July 1, 1980.

During congressional debates on H.R. 3236, the bill that became Public Law 96-265, PVA strongly opposed reducing SSDI benefits for newly-disabled persons because we felt that even the then-existing higher benefits were barely adequate to meet the basic needs of disabled persons who generally have greater personal expenses than do non-disabled persons. However, we supported removal of work disincentives as energetically as we opposed reducing SSDI benefits rates. Many Members of Congress held views much like those of PVA, and they strongly opposed reducing SSDI payments but supported passage of this legislation because of its improved work incentives.

It is worth mentioning, also, that only a few weeks after passage of the "Social Security Disability Amendments of 1980," Congress again addressed the societal cost of disability when it examined the need for improved rehabilitation for service-connected disabled veterans. The "Veterans' Rehabilitation and Education Amendments of 1980," Public Law 96-466, is a

comprehensive law that improved rehabilitation and employment services offered to service-connected disabled veterans.

In 1980, therefore, Congress made the first major change to the VA's rehabilitation program since it was created in 1943. Obviously, the emphasis given by Congress to returning SSDI beneficiaries and service-connected disabled veterans to the work force was both a humane attempt to have disabled persons realize their full potential and to reduce federal expenditures. Whereas PVA strongly opposes blindly cutting benefits for persons who are in need, we strongly support this restorative approach that enables two worthy goals to be reached simultaneously without unjust harm to hapless individuals.

While Congress was giving in-depth considerations to the need for Disability Insurance recipients and for service-connected disabled veterans to be productive, it overlooked the possibility that NSC veterans in receipt of pension, in some cases, can be restored to productivity.

This inattention is understandable, since NSC pension/health-care eligibility is means tested. Nonetheless, it would not be understandable for Congress to continue to fail to recognize that different pension recipients have differing capabilities, and with proper assistance some can again join the work force.

A disabled person in receipt of SSDI benefits may feel, with his physician's advice, that he is capable of returning to his former job, or of seeking a new or less strenuous type of employment. With implementation of Public Law

96-265, this person can return to work and have time in which to determine his degree of employability, before cessation of all benefits.

Congress recognized, in passing the the "Social Security Disability Amendments of 1980" that the disabled individual has special requirements but can still return to gainful employment if assisted. For example, the law provides that upon the individual's returning to employment there is a 36-month period before Medicare benefits completely cease. Furthermore, the second waiting period for reinstatement of eligibility for Medicare benefits has been eliminated for those who find within five years of returning to gainful activity that they are unable to continue their work.

The point is abundantly clear that Congress, through this complex legislation, seeks to establish sound programs that will encourage disabled individuals to again become economically productive citizens.

PVA stoutly regards veterans programs to be separate from the domestic programs, just as they are not part of the Department of Defense; however, there is no reason that some of the policies (and perhaps even procedures) cannot be utilized effectively by the VA that have been employed by other agencies, such as by the Department of Health and Human Services.

PVA desires to see Title 38, United States Code, amdended to remove work disincentives from the NSC pension program. First, there needs to be a trial work period during which the disabled veteran can pursue gainful employment and continue to receive pension benefits. Such a measure, modeled after the 24-month period provided in the 1980 amendments to the Social Security

Disability Insurance Program, would provide him with transition funds to prepare himself for employment. These transition funds are needed for items such as appropriate clothing and transportation, and they will ensure him of subsistence income if his efforts fail.

Second, because of the vital importance of medical care for severely disabled persons, the veteran who was formerly in receipt of NSC pension, but who returns to employment, needs to continue to be eligible for VA health-care services for a significant time. (SSDI provides for three years' continued eligibility for Medicare.) This provision, too, is a transition measure aimed at ensuring that the severely disabled NSC veteran would not suddenly find himself without needed health and medical care.

Most persons who would benefit from such changes in the law are relatively young, inexperienced, and have few job skills. They would enter the work force at low-paying levels, and many would work for small employers in thinly settled regions of the nation. These entry-level jobs and these small employers most likely would not provide medical benefits to severely disabled workers sufficient to meet those workers' needs that persist because of their pre-existing disabling conditions.

PVA understands that Congress would require certain limitations on the proposed amendments to Title 38. One needed limitation would be to specify the time limits between successive attempts at employment that a veteran could make and still be eligible for NSC pension and VA health care. This provision would prevent veterans from collecting VA benefits and simultaneously engaging in episodes of gainful activity. Yet, time

restrictions between attempted uses of the work incentives must be reasonable so that the individual veteran whose initial efforts fail would not be forced to wait until he had lost interest in and the drive necessary for rejoining the work force.

Closely related to the specified time limits between attempts at employment would be the need for Congress to restrict the maximum number of times a pension recipient could qualify for the proposed transition assistance. PVA would support such safeguards in order to ensure, again, that individual veterans do not routinely engage in episodes of gainful activity and continue to receive pension benefits.

Furthermore, health-care eligibility is a serious consideration, and Congress would want to ensure that individual younger veterans are eligible for VA health-care services for reasonable periods of time after they have returned to the work force. However, it will be necessary to ensure that this continuation of eligibility does not continue for extremely long or unreasonable periods.

PVA feels that these safeguards can be structured into the NSC pension and VA health-care eligibility criteria. Our belief arises from existing law, wherein younger veterans' eligibility for pension benefits (including their earnings and net worth) is already controlled by a recognized procedure. And, younger NSC veterans' eligibility for VA health-care services (an eligibility that is firmly tied to eligibility for pension benefits) is presently clearly defined.

PVA does not anticipate that, with amendment of Title 38 in the suggested manner, veterans could successfully apply for NSC pension benefits and/or VA health care unless they met the eligibility requirements expressed in law. In short, the suggested amendment would not give rise to new concerns that have not already been considered by Congress in designing the NSC pension program.

The cost of administering these proposed amendments should be negligible, because the proposed provisions would be bound inextricably to the existing provisions of Title 38, United States Code.

These recommendations for removal of work disincentives therefore would create no additional costs for the government. To the contrary, without amendment of Title 38 eligible veterans will continue to receive pension benefits, but with appropriate amendment of Title 38, a significant number of these individuals would become gainfully employed taxpayers. PVA feels that Congress and the Veterans Administration should investigate this proposal further, as a productive, humane, and cost-saving measure.

Conclusion

Mr. Chairman and Members of the Subcommittee, on behalf of the members of Paralyzed Veterans of America, I appreciate the time and attention given to our statement by the Members and staff of this Subcommittee. We are very pleased to give our full support to the bill under consideration, H.R. 2391, the proposed "Veterans' Disability Compensation Amendments of 1983." At this time it appears that the suggested increase in compensation and DIC benefits of 4.1 percent is quite reasonable. It is also reasonable that increasing benefits be delayed for six months, in light of the economic condition of the nation at this time. PVA supports delaying increases in compensation and DIC benefits so long as other beneficiaries of federal programs are asked to make the same sacrifice for the good of the country.

Two matters examined in depth in this testimony that are wholly or partially within the jurisdiction of this Subcommittee are veterans employment and restructuring the dependency and indemnity (DIC) program. PVA would like to thank the Members and staff of this Subcommittee for allowing us to discuss these important issues that are not addressed in the bill that is under consideration at this time.

A number of veterans' service organizations hold views similar to those of PVA, that the DIC program should be restructured to more equitably compensate surviving spouses of service-connected disabled veterans. The present system of basing DIC benefits on veterans' military pay grades does not take into consideration the sacrifices made by the spouses of veterans who have served

in the lower military pay grades. Therefore, PVA asks this Subcommittee to take action to remedy this inequity.

As we have pointed out in our discussion of veterans employment programs, the NSC pension program has work disincentives built into it that lead to unnecessary government expenditures and that cause catastrophically disabled younger non-service-connected veterans to fail to realize their potential as productive citizens. PVA has attempted to offer suggestions on the way the pension program should be amended. And, we have described potential controls that can be implemented to ensure that the desired amendments would not be abused by individual veterans.

The pension program has not received congressional attention in several years; therefore, we ask that this Subcommittee examine ways that Title 38, United State Code, can be amended to better assist NSC disabled veterans in their efforts to return to the work force.

Finally, PVA addressed briefly the need for vigilance by this Subcommittee's Members as the Veterans Administration reviews the service-connected disabled veterans compensation program in an effort to curtail benefits for those who have been determined to be unemployable. PVA agrees with the VA that veterans benefits should be awarded only to those who meet all eligibility requirements: but, we ask that employment assistance be given to service-connected disabled veterans whose benefits are reduced because of the current reexamination of the employability standard.

Mr. Chairman and Members of the Subcommittee, this concludes my statement and I will gladly answer any questions that I can.

STATEMENT OF
CHARLES E. JOECKEL, JR.
DEPUTY NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS AFFAIRS
OF THE
U.S. HOUSE OF REPRESENTATIVES
APRIL 19, 1983

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than three-quarters of a million members of the Disabled American Veterans, may I say that we deeply appreciate this opportunity to present our views on legislation relating to the service-connected disability and death compensation programs of the Veterans Administration.

Mr. Chairman, while the increased benefit payments authorized by the provisions of the bill pending before the Subcommittee are more than a year away, we are most pleased that you have scheduled this hearing to examine the rise in the Consumer Price Index (CPI) and its impact upon service-connected disabled veterans, their dependents and survivors.

Recognizing the current state of the federal budget, the National Executive Committee of the Disabled American Veterans adopted a resolution earlier this year which states, in part, that "...the DAV will not object to the proposed delay in the effective date of the Fiscal Year 1984 disability compensation and dependency and indemnity compensation increase, so long as similar adjustments are made in an even-handed manner in all other federal benefit and entitlement programs."

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Thus far, the even-handed treatment relative to the across-the-board delays of cost-of-living adjustments in all federal entitlement programs has been carried out by the Administration in its Fiscal Year 1984 budget request and by both the House and Senate Budget Committees. In light of this action, the DAV, in accordance with our National Executive Committee policy, has no objections to the six month delay in the benefit increases proposed in H.R. 2391.

H.R. 2391

Although the cost-of-living adjustment contained in H.R. 2391 would not become effective until April 1, 1984, the DAV favors the early enactment of the bill, which carries with it improvements in other areas of the VA compensation program that will take effect on October 1, 1983.

Based upon Congressional Budget Office estimates accepted by the House Budget Committee, Titles I and II of H.R. 2391 would authorize a 4.1% across-the-board increase in basic disability compensation and DIC (service-connected death) benefit rates. This same percentage rate of increase would also be extended to the dependency allowances and, with one exception, to the special statutory awards in ratings that apply to the compensation and DIC programs, as well as to the VA's annual clothing allowance payable to certain service-connected veterans whose prosthetic or orthopedic devices cause unusual damage to their clothing. The

proposed increases carry an effective date of April 1, 1984 and would require only $403.5 million in new budget authority and $371.3 million in outlays.

Put in more meaningful terms, Mr. Chairman, the benefit increases would range from an additional $36 per year ($3.00 monthly) for a veteran with a 10% service-connected disability to $600 more per year ($50 monthly) for a veteran who is determined to be 100% disabled due to service-connected disability.

Mr. Chairman, in any consideration of an increase in VA disability and death compensation payments, it is important to recall the principles upon which these programs were established:

> Disability compensation paid to veterans attempts to represent, to the most practical degree possible, the average impairment in earnings capacity caused by service-connected disabilities. DIC benefits, on the other hand, are intended to provide a measure of security to surviving spouses and children in view of the financial loss related to service-connected deaths.

Over the years, this Committee has been most diligent in its efforts to assure that the purchasing power of these benefits keeps pace with our society's rising cost of goods and services. Calendar year 1983 will mark the first time in nine such years that an increase has not been provided in the rates of VA compensation and death compensation programs.

Looking at the rise in the Consumer Price Index (all urban consumers, seasonally adjusted) for each of the three months immediately following the last compensation adjustment, we see increases of 0.3% and 0.2% in October and November 1982 and a decline of -0.4% in December 1982. During the first two months of 1983, the rate of CPI growth has been 0.2% each month.

Although there has been a continual downward trend in the Consumer Price Index, we believe that the actual movement in the CPI between October 1, 1982 and April 1, 1984 will more than justify the percentage increase proposed in H.R. 2391. Accordingly, Mr. Chairman, should the erosion in purchasing power of VA compensation benefits be projected at a rate higher than 4.1% over this 18 month period, the DAV would support an adjustment in these benefits commensurate with the actual rise in the Consumer Price Index.

Mr. Chairman, I do wish to specifically note the fact that the provisions of H.R. 2391 do not include an upward adjustment in the "K" award set forth in Section 314(k), Title 38, U.S. Code. This is a special monthly benefit -- presently $62 monthly -- paid in addition to the basic rates of compensation to certain veterans who have incurred the service-connected loss or loss of use of a single extremity or certain other bodily organs and functions.

This particular award has not always been increased in prior compensation bills and was last adjusted to its present figure by Public Law 96-128, approved November 28, 1979. We therefore ask the Committee to include an upward adjustment in the amount of the "K" award in the compensation measure recommended for House passage.

MISCELLANEOUS PROVISIONS

Title III of H.R. 2391 contains two provisions of specific interest to the DAV. Section 301 of the bill proposes to amend Public Law 97-253 to exempt from its provisions relating to the effective date of veterans' benefits, claims made by veterans who are hospitalized for service-connected disabilities.

As you know, Mr. Chairman, Public Law 97-253, the Omnibus Reconciliation Act of 1982, changed, for payment purposes, the effective date of original or increased awards of VA compensation and pension to the first day of the first full calendar month of entitlement. Generally, before this law change, increases in VA compensation were effective on the date entitlement arose or on the date the VA received the claim, whichever was most appropriate.

Unfortunately, the provision of the new law created an inequity with respect to veterans who are hospitalized for a period of 21 days or more for their service-connected disabilities.

When veterans enter a VA hospital or other government facility for a period greater than 21 days for a service-connected disability, they may be assigned a temporary 100% disability rating as of the date of hospital entry. Before last year's Reconciliation Act, these veterans would have been compensated at the 100% percent evaluation for the entire period of hospitalization. However, as a result of the new law, payments for the 100% temporary rating will not begin until the first day of the first full calendar month following hospitalization.

The provisions of the new law, however, created a disparity with respect to payment of benefits for such temporary ratings. A good example of this inequity can be made by taking the cases of two veterans who were hospitalized for identical number of days for treatment of identical service-connected disabilities. If one veteran enters the hospital on the 31st day of a month for 22 days of care, there is no loss of benefits, however, if the second veteran enters the hospital on the second day of the month for 22 days, no benefits are received because the change made by Public Law 97-253 does not permit payment until the first day of the following month.

This unfair application of the effective date change is, in our view, further compounded as the denial of these benefits creates a financial hardship on disabled veterans and their families during a time of personal stress and crisis.

Accordingly, the Disabled American Veterans strongly supports the provision contained in Section 301 of H.R. 2391 which would exempt the payment of an increased award of compensation under Paragraphs 29 and 30 of the VA's Schedule for Rating Disabilities from the effective date change contained in Public Law 97-253.

Mr. Chairman, the DAV is pleased that you have included as a separate section of your bill the basic provisions of H.R. 2393, a measure that you were kind enough to introduce on our behalf.

As you know, Section 303 of H.R. 2391 would permit certain veterans to receive VA dependency allowances for adopted, helpless children -- even though the adoption did not occur until after the child reached age 18.

Under current regulations, veterans eligible for VA dependency allowances may continue to receive such payments for a child who is permanently incapable of self support because of physical or mental impairment so long as the child became so disabled prior to the age of 18. Similarly, in order to continue to receive dependency allowances for an orphaned helpless child, adoption of the child must have taken place prior to the child's 18th birthday.

Mr. Chairman, this anomaly in current law was brought to our attention by a veteran who, for many years, had custody of a helpless foster child. Later, the veteran adopted the child, but not until the youth had reached age 18.

Unaware of the law, the veteran filed a claim for VA dependency payments based upon current helpless child regulations and found that not only must the child be physically and mental incapable of self support, but also the child must have been adopted prior to the age of 18.

The effect of Section 303 of your bill, Mr. Chairman, would correct this anomaly by allowing veterans to receive VA dependency allowances for orphaned helpless children without respect to the age at which adoption occurs so long as the child was a member of the veteran's household and declared so helpless prior to the age of 18.

Mr. Chairman, on behalf of the DAV, I wish to commend you and your staff for the positive action taken on this compassionate and most humane proposal. In accordance with Resolution No. 377 adopted by the delegates to our most recent National Convention, the DAV wholeheartedly supports the provisions in Section 303 of H.R. 2391.

This concludes my statement, Mr. Chairman, and I wish to thank you and the members of the Subcommittee for allowing us this opportunity to present our views on these very important subjects.

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BLINDED VETERANS ASSOCIATION
1735 DeSALES STREET, NORTHWEST • WASHINGTON, D. C. 20036 • (202) 347-4010

TESTIMONY OF NATIONAL PRESIDENT ELLSWORTH L. SHARPE
BEFORE A HEARING OF THE SUBCOMMITTEE ON COMPENSATION, PENSION
AND INSURANCE OF THE HOUSE VETERANS AFFAIRS COMMITTEE
April 19, 1983

I am very pleased to appear before the Subcommittee on Compensation, Pension, and Insurance today on behalf of the Blinded Veterans Association.

As you are aware, the Blinded Veterans Association was chartered by Congress to represent the special needs of a targeted group of disabled veterans--blinded veterans. We sponsor and conduct programs designed to maximize the living skills of blinded veterans--especially those rated by the VA as severely disabled by virtue of a service-connected condition.

Unlike other veterans groups, the BVA does not appear before this subcommittee or other subcommittees of the House Veterans Affairs Committee on every possible occasion. Rather, we are selective so that you can be assured of our very intense interest in those areas that have special impact on blinded veterans. We view our responsibilities very seriously in that regard and we believe that the BVA has a very unique mission and goals which are distinct from many of the other organizations which appear before the Committee. One element which distinguishes the BVA, for example, is that all its members are service-connected blinded veterans.

We are pleased to have been invited to this hearing to comment on HR 2391 which would provide a 4.1 per cent cost of living adjustment in service-connected compensation benefits for disabled veterans and dependency and indemnity compensation. This increase would take effect April 1--six months later than usual in an effort to reduce the federal deficit and stabilize our economy.

The BVA presented its legislative program on March 17 at a joint hearing of the House and Senate Veterans Affairs Committees. In that testimony, we commented on the then-proposed 5.1 per cent cost of living adjustment in compensation and DIC and the six month delay in its effective date. At that time, we said that blinded veterans, like most other veterans, were willing to do their share to improve the state of the economy, and if the delay in a cost of living adjustment would contribute in some way to a new economic prosperity, we were willing to make the sacrifice. Our feelings have not changed since then.

We understand the increase has been lowered one percentage point to reflect the current rate of increase in the cost of living. Obviously, we would have preferred a 5.1 per cent increase to a 4.1 per cent increase. But, in this spirit of sacrifice, we are prepared to do our share. We only ask in return that it be recognized that veterans are making a sacrifice and that the burden of this sacrifice will fall greater on the severely disabled veterans. Although the overall cost of living is increasing at a much less rapid pace than one year ago, there are still dramatic increases in certain aspects of the economy that are particulary hard-hitting on severely disabled blinded veterans. For example, although the increases in transportation costs overall have declined due to decreases in the price of gasoline, public transportation costs have increased dramatically and

and are expected to continue increasing due in part to federal budgetary cutbacks. Rental costs continue to increase beyond 6 per cent and the costs of utilities also are increasing. Even such items as the telephone (once thought to involve standard and stable costs) are expected to triple between now and January 1, 1984 as a result of the AT & T breakup. All of these increases will have taken and will continue to take a substantial chunk from veterans budgets by the time the cost of living adjustment takes effect on April 1.

Nobody can predict how the economy--especially consumer prices--will function over the next few months. So many factors, including the weather, could play havoc with the cost of living. It is our hope that this subcommittee will continue to monitor the economic situation and its impact on veterans--especially severely disabled veterans. And if it is determined that too many economic burdens are being placed on disabled veterans, then, it is our hope that this subcommittee will take whatever action is necessary to ease those economic burdens.

Although we are pleased to have been invited today before this subcommittee to comment on the cost of living adjustment, we are very disappointed about the scope of this hearing.

Throughout the current session of Congress, almost every veterans group has appeared before the House Committee on Veterans Affairs and has in the course of their testimony commented on the cost of living adjustment and its proposed delay. Almost all groups have supported the delay and the 5.1 per cent figure. Given the almost unanimous support and the already spoken commitment of veterans groups to do their share on behalf of our economy, it seems reasonable to expect that few veterans groups, if any, would take serious issue now with the proposed 4.1 per cent cost of living adjustment.

When the BVA presented its legislative program on March 17 this year, we strongly encouraged this committee to examine various inequities affecting severely disabled blinded veterans. We had hoped that this committee would examine some of the inequities which we pointed out this year and in the many years past. We had hoped that this committee would make these uncostly minor adjustments that would reinforce the system's integrity and make veterans realize that their government's commitment to their well-being was steadfast.

As such, we believe that this subcommittee hearing could have also examined other legislation which has been introduced this session, which, if enacted, would correct serious inequities in the current system.

One such piece of legislation, in which the BVA has special interest, is HR 2187, which was introduced in this Congress on March 17 by Representatives Christopher Smith and Thomas Daschle. This bill, if enacted, would make a minor change in the VA's Disability Rating Schedule (Title 38, Section 314) affecting blinded veterans who also suffer from an additional hearing impairment. I would like to take this opportunity today to comment on this legislation and encourage you to consider it as an amendment this year to HR 2391.

The VA Rating Schedule classifies totally blinded veterans under three separate subsections or letter ratings--l, m, and n. Subsection l includes a veteran who is totally blind in both eyes (service-connected) with 5/200 visual acuity or less. (For your reference only, legal blindness is defined as 20/200 visual acuity so that a blinded veteran rated under subsection l actually has a lower visual acuity than someone considered legally blind. In other words, someone with 5/200 visual acuity must be four times closer than a legally blind person to see something. Again, this is only included for you as a basic reference point.) Subsection m includes those veterans with blindness in both eyes, having only light perception, or being so helpless as to be in need of regular aid and attendance. Subsection n includes blinded veterans who have suffered the anatomical loss of both eyes or are totally blind in both eyes without light perception. (This latter provision was included in compensation legislation last year by the Committee.)

Subsections o and p recognize the additional disabling nature of combined disabilities. A veteran suffering from service-connected total blindness with 5/200 visual acuity or less and who also suffers from bilateral deafness rated by the VA at 60 per cent (which is almost total deafness, according to the VA's diagnostic rating schedule) or more disabling is categorized under subsection o and receives maximum compensation. (NOTE: According to the VA's diagnostic rating schedule, bilateral deafness rated at 60 per cent does not actually mean a 60 per cent loss of hearing. And, actually, the VA's rating of an 80 per cent bilateral hearing disability represents total deafness.)

Subsection p provides that a veteran who is totally blinded in both eyes with 5/200 acuity or less and also has a bilateral hearing disability rated at 40 per cent will be increased by one step in the rating schedule. The blinded veteran who has suffered service-connected total deafness in one ear is increased one-half step.

We believe that the schedule as it is now constructed should be amended because it does not recognize the very serious nature of a hearing loss in a blinded individual.

Blindness, itself, is a very disabling condition whether the blindness be total blindness with or without light perception or total blindness with 5/200 visual acuity or less. The current schedule now recognizes the greater severity inherent in the blindness classifications. But, it is important to understand, especially when considering an added hearing impairment, the serious disability involved with blindness rated by the VA under subsection l.

Such an individual has a very serious visual impairment which cannot be compensated adequately either by the government in terms of financial compensation or by lenses or aids in terms of vision compensation. In such instances, some individuals could use aids for very limited activities. For others, such aids are useless. An aid is relatively unimportant in an

overall rehabilitation plan because the veteran is likely to be facing a continually deteriorating condition.

The difference between someone with a 5/200 visual acuity which can be compensated or corrected and someone who is totally blind who will never improve beyond the 5/200 visual acuity measurement is the difference between night and day--the difference between blindness and sight. The two cannot be really compared because one's problem (the blinded veteran) is pathological. It is a disease or trauma related and carries with it the onerous distinction of expected deterioration. Not only does the individual have very poor visual acuity, but he usually also experiences a profound loss in visual field that contributes significantly to the individual's disability. Someone who can be corrected or compensated beyond the 5/200 visual acuity does not have a pathological condition but rather only a weakening of vision which can be compensated with lenses.

(In our everday layman's language we often misuse words, like correction, especially as it applies to vision. The word--correction--is actually the wrong word as it relates to vision. Nobody can ever have their vision corrected--even with lenses. Lenses can compensate for a visual loss but they cannot correct that loss. This may be a fine distinction to all of us laymen, but it is significant when considering blindness--BECAUSE BLINDNESS IS A CONDITION WHICH CANNOT BE COMPENSATED AT ALL.)

It is also important for this subcommittee to recognize the significance of a combined loss in visual acuity coupled with a visual field loss. As I just mentioned, someone who is totally blinded with 5/200 visual acuity or less most likely suffers also from some degree of field loss. Visual field is the most important single factor affecting function. It limits what aids can be used and its location can be associated with difficulties in foot travel.

If you have any questions related to my comments on blindness and how it is classified currently by the VA, I will be pleased to answer these questions at the conclusion of this testimony. After all, the consideration of blindness is only part of our discussion as it is only part of the problem for an already severely disabled blinded veteran suffering from an additional hearing impairment.

Hearing impairments are measured by decibel loss and frequency loss. What is important for this subcommittee to remember is that the VA's disability rating for hearing does not correspond to the actual hearing loss in the veteran. For example, a 60 per cent hearing disability does not mean a 60 per cent hearing loss. A 20 per cent hearing disability does not mean a 20 per cent hearing loss. The VA does not even have a hearing disability rated at 50 per cent because it considers total deafness in one ear to be only rated at 10 per cent. Total deafness, as I mentioned earlier, is rated by the VA as an 80 per cent disability.

A sighted veteran without any hearing would have his vision to lip read and communicate with the rest of the world. Obviously, a blinded veteran would not have the same capability. Yet, a blinded veteran is rated for hearing loss as if he had sight. Simply, the rating schedule is not logical in its consideration of blinded veterans who also have a hearing impairment and it is for this reason that the BVA has pushed for legislation to amend subsection o of the VA's Disability Rating Schedule.

The inability to hear distance (or decibel loss) is only one aspect of a hearing impairment. Although it is a significant measurement, it is not the only factor considered in evaluating hearing loss. The bilateral decibel loss suffered by a blinded veteran rated at 20 per cent for hearing disability is so severe, however, as to represent hearing in the better ear approximating only one half of normal conversational hearing.

But, such a hearing disability carries with it a loss in frequency. Usually, the first frequency lost is that which enables someone to hear high pitch noises, like telephones ringing, brakes squealing, or horns honking, or other such travel noises that are crucial to a blinded veteran's safety and communication with the rest of the world. Or the frequency loss could be one which would affect a veteran's ability to hear certain letters in the alphabet, like s or c during conversations. Or the frequency loss can affect a veteran's ability to hear sounds when there are other competing sounds. For example, a person with monaural sound is vulnerable to the masking effect of background noise because the ability to separate speech from noise is impaired.

Someone with only a mild hearing loss might not even realize the hearing loss as long as his vision is adequate to allow for visual cues. However, this hearing loss will become more and more marked as the individual loses his vision.

A blinded veteran does not have the opportunity to pick up visual cues or to read lips. Rather, he must rely on his sense of hearing--the only other major sense which allows a blinded individual to function and communicate with the rest of the world. A hearing loss seriously disrupts the blinded veteran's relationship with his world. Because of the actual loss in sound and sound discrimination related even to a slight hearing loss based on frequency and decibel loss, the blinded veteran lives in a constant state of hazard and isolation.

Currently, a blinded veteran would have to be almost completely deaf to receive maximum compensation. Yet, functionally, that 60 per cent hearing disability is no different from a hearing disability rated at 20 per cent or with total deafness in one ear rated now by the VA as being only 10 per cent. The effect of the loss is as profound. The hazards of foot travel are the same, for example, and the processing of information is slowed significantly for any blinded veteran suffering from an additional hearing disability.

Additionally, what would be considered a minor hearing problem for someone who is sighted can present serious rehabilitation problems for someone who is totally blinded. It does not take a 60 per cent hearing disability, as Title 38, Section 314 now states, to make that hearing disability a major disability for a blinded veteran. Even the hearing loss rated by the VA as a 20 per cent disability can cause distortions of ambient sound, directional hearing problems, and force a blinded person to live in jeopardy and fear for his safety and well-being--even in the course of ordinary living activities.

Such a hearing loss also causes a directional sensory loss. That is, the imbalance created from a bilateral hearing loss or the total loss of hearing in one ear makes it impossible for a blinded person to determine the precise origin of sound.

An individual without a hearing loss experiences sound even before the sound is actually recognized or identified. This recognition process does not occur in someone with a hearing loss. Any interruption of this process results in a hearing level that falls well below the threshold of automatic recognition. Regular travel sounds, such as doors opening, automobiles honking or idling, telephones ringing, or people shouting are lost.

Since mobility instruction is such a key component of rehabilitation for a blinded veteran, a hearing loss which limits the sense of direction and sound origin makes rehabilitation all that more difficult. Rehabilitation for a blinded veteran who also suffers a hearing loss takes longer because it is more difficult for the veteran to process information. Because rehabilitation takes longer than the blinded veteran without the hearing loss, the multi-disabled blinded veteran has been isolated, first, from the rest of the sighted world, and then, second, from his fellow blinded veterans. Counseling and guidance must be done very carefully, in such cases.

The effect of such a hearing loss on the life of a blinded veteran is quite severe. Because he cannot determine the origin of sound, the blinded veteran functions in a vacuum. This causes the blinded veteran to withdraw from social situations with serious consequences on his family. Any psychological problem resulting from blindness, alone, is only made even more complex and acute by the combined hearing disability.

Sounds and the origins of sounds are crucial factors, also, in employment. When you lose directional hearing, employment must occur outside those settings that demand adequate hearing OR sight. In other words, a job which a blinded veteran might be able to perform--despite his disability--could be too cumbersome and anxiety-ridden for someone who has two impaired information processing senses.

This is the crux of this issue: A BLINDED VETERAN'S LOSS OF HEARING IN ONE EAR OR BILATERAL DEAFNESS RATED AT 20 PER CENT MEANS THE LOSS OF TWO SENSES WHICH AFFECT SIGHT AND SOUND, MOBILITY, SAFETY, AND A PERSON'S EXISTENCE AS A SOCIAL BEING.

We recognize that the loss of hearing is an abstract concept to comprehend. It is not something that lends itself easily to be viewed physically by this subcommittee. We hope that these comments have helped you to better understand the very unique problem which is addressed in HR 2187.

We know also that HR 2187 would not be a costly measure. The VA already has termed its costs to be insignificant. We also know that this measure would affect approximately only 50 service-connected blinded veterans with a service-connected hearing disorder. The majority of these veterans already are rated under subsections m and n, so that this measure would have a minimum cost to the government. Its cost would be such, also, as not to interfere with current funding levels approved in the Budget Resolution.

The BVA urges this subcommittee to consider HR 2187 as a technical amendment to HR 2391--the compensation bill--in order to remove this existing inequity--once and for all--in Title 38, Section 314. The impact of this legislation is significant to those few veterans--service-connected veterans--who are suffering now from a combined blindness and hearing disability.

I will be very pleased to answer any questions you might have.

STATEMENT OF JEAN ARTHURS

LEGISLATIVE DIRECTOR

OF THE

NATIONAL ASSOCIATION OF MILITARY WIDOWS

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

COMMITTEE ON VETERANS AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

April 19, 1983

The Secretary of the Army stated, "When the government contracts for the serviceman, it really contracts for the entire family unit as it includes all of the family in the adjusted lifestyle, the 24-hour call, the 'perils and discomforts' with readiness to serve anywhere, to go to hazardous places at a moment's notice." The service wife is expected to be ready to follow her husband to any assignment, or to remain behind cheerfully, and to always be an ambassador for the United States. These women have proven to be some of the best emissaries this country has ever had.

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To care for him who has borne the battle, and his widow, and his orphan.

A. Lincoln

Mr. Chairman, and members of the subcommittee, I thank you for the opportunity to present the views of the National Association of Military Widows to this distinguished panel.

The National Association of Military Widows is a nationwide organization dedicated to the welfare of all military widows. Our goal is to assure the equitable treatment for all military widows through legislation, assistance, information, and membership. In regard to legislation, we work for changes in the laws to correct inequities and make survivor benefits for military widows on a level comparable to the other Federal Agencies. It is our view that since the Federal agencies and the military share the same paymaster, all should receive equal treatment and benefits. With regard to assistance, we help widows find the sources of help in obtaining benefits and privileges available to them. Information is imparted through our NAMW Newsletter dealing with the status of military widows' bills, changes in CHAMPUS, Social Security, DEERS registration, and other pertinent information of value to military widows. Our membership is rapidly growing as we "speak with one voice" to right inequities, support one another, and promote understanding.

NAMW is supportive of the 4.1 percent increase in DIC with the six month deferral as proposed in H.R. 2931. We hope that the DIC will not be curtailed with deferments in the future since most DIC widows are already struggling and experiencing difficulty surviving.

This past year the NAMW has communicated with thousands of military widows by extending help in locating widows for the Defense Enrollment Eligibility Reporting System (DEERS). Everyone in the military community -- active duty, retired, dependents and eligible surviving dependents of deceased members, inactive duty reservists and their dependents -- will be

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affected by the DEERS program. It is a new way of confirming who is entitled to health care at military and Public Health Service hospitals and clinics. It will also confirm who qualifies for CHAMPUS benefits.

Our mission is to assist the DEERS program in locating military widows and to inform them that registration is compulsory if they are to receive medical attention through military services in the future. How else could DEERS find the eligible widows? When the serviceman dies, his jacket is closed and filed. Unless the widow is receiving some form of benefit or annuity, there is no longer a record of her being. Through offering our services to seek out these forgotten widows we have received thousands of letters describing the lifestyles of military widows. Our mail indicates that most live meager lives and fear that the future looks bleak.

In categorizing our letters the following findings are prevalent.

DIC as Sole Support. For many of these widows, DIC is the sole means of support. The Congress originally intended that DIC would be a supplementary compensation as recompense for the death of the sponsor from active duty or service-connected causes. Housing and food costs make it difficult to get by when DIC is a widow's sole support.

Older Widows. According to past Veterans' Affairs studies, the average widow is over 60 years of age. Many of these women had husbands who served 30 and 40 years and yet receive no benefits. For them, living is hard. They don't fit into the workforce and maintaining a standard of living is difficult. Most of these women spent a good portion of their lives functioning in traditional roles within the context of military service, e.g. wife, homemaker, mother. Some of the older women are not covered by Social Security.

Unemployable Widows. Military widows often lack marketable skills and do not find job opportunities suitable to their abilities and needs. When

they do find work, their age, lack of job experience and skills earn them minimal salaries. There is little chance to earn pension benefits in their own right.

Pension Benefits. The military lifestyle in which these widows lived is not conducive to establishing pensions or retirement programs in their own right. Their lives were spent supporting their husbands by maintaining the family unit and contributing in any way they could to the success of his career.

Medical Facilities. Those who are entitled to medical care through the military and Public Health Service hospitals and clinics find the facilities to be overcrowded and, in many instances, significantly cut back or curtailed altogether. Geriatric services have not been available in an acceptable mode. Many widows are in ill health, mentally and physically. Some suffer from the trauma of having cared for a disabled veteran for many years, or simply do not recover from the shock of losing their husbands to a sudden military-related death. CHAMPUS, the extended medical service, is now going on a restricted basis, thus adding to the overload in military hospitals and clinics. The unavailability of appointments, the need for referrals from other clinics, and the long hours of waiting for care at these facilities is beyond the older person's capability.

Lack of Insurance. Far too many of these widows inherit none of the backbone of insurance, but only the task of providing for the increasing expense of their growing children on minimal income. When military pay was so low, many could not afford insurance. In most cases the serviceman's inadequate pay and transitory lifestyle made a normal home and savings program impossible.

Ramifications of Death. Few military widows are aware of the ramifications of their husband's death. It is tragic irony that so many service members have felt assured that through their dedication and sacrifice in the military life that their survivors would be adequately cared for. Our calls and letters indicate that this is still common today. When the sponsor is gone, and the paychecks cease with him, DIC must be applied for as with all other annuities. It is problematical whether the compensation will be granted; or the case may be held in abeyance for six months or much longer. In any event, these crises arise in addition to the loss of the loved one and compound the trauma.

Fragmented Resources. Resources to aid these widows are fragmented. The NAMW has responded to military widows, retirees, relatives of the military, the active duty personnel, reservists, the military establishment itself, and many service organizations. There are too many misconceptions being promoted and too much bad information being disseminated. Many times, this bad information is dispensed by uniform service personnel. As an example, one widow was advised that she was not entitled to a DIC entitlement until her husband's service insurance was gone. In another case, it took 14 months to activate an SBP annuity -- and that was only after involving the widow's State Senator.

At the end of the 97th Congress, Aid to Dependent Children Educational Benefits were restored to eligible DIC recipients. In restoring these benefits Congress reaffirmed the realization of the need for re-evaluating the Dependency and Indemnity Compensation Program.

DIC is a lifesaver for many military widows; they could not continue to survive without it. A debt to military widows who lost their servicemen while on active duty or through a service-connected disability has been acknowledged through the enactment of the Dependency and Indemnity Compensation.

As military widows, we ask, "Why was the DIC program not made comparable to the Federal program, the FECA?"

In 1972, the Military Survivor Benefit Plan was passed to correct the discrepancies of the ill-conceived Retired Servicemans Family Protection Plan. The new survivor benefit plan was patterned after the Civil Service survivor benefit plan. It came out a fairly clean bill and its remaining flaws are being corrected by Congress.

As a matter of priority, it is time for Congress to correct the DIC program on the same basis as applicable to the Federal Civil Service program. A substantial difference in death compensation exists at every pay level between the DIC and FECA programs. This is due to the varied compensation formulae used to compute the benefits under each applicable law. The FECA compensation formula is computed at 55 percent of full civilian pay and escalates to 80 percent in some cases, depending on the cause of death and the children involved. Starting with GS-2, step 1 escalates to step 10 of GS-15.

In comparison, the minimum amount for widows of privates, airmen, and seamen in pay grade E-1 equals 55.15 percent of the husband's pay. The maximum amount for DIC widows of servicemen pay grade 0-10, whose death was job-related after having served 30 or more years, is 15.7 percent. DIC is the only such formula that is self-reducing; the higher in rate or rank attained and the longer served, the lower the percentage the widow receives. The average DIC entitlement averages about 20 percent of pay. There is very little comparison between the two compensation systems.

To overcome these inconsistencies, we recommend that the long established FECA program apply to all Federal employees, whether they are military or civil service personnel.

Again, an issue of concern to military widows is the benefit termination as a consequence of remarriage after age 60. Representative Whitehurst (R-VA) has introduced H.R. 433 and Representative Roe (D-NJ) has sponsored H.R. 334. These bills stipulate that the remarriage of the widow receiving DIC after the age of 60 shall not result in the termination of the DIC compensation.

The FECA, RSFPP, SBP, and social security allow the older surviving spouse to remarry without jeopardizing benefits. However, the DIC -- and it is the only program that does so -- deprives Federal widows of benefits if they remarry after age 60. In the interest of equity among Federal employees, military and civil service, Congress should correct this situation. The cost factor is negligible; few widows marry after age 60.

I wish to thank the members and staff of this subcommittee for their kindness and helpfulness to our association. It is always a pleasure to testify on behalf of the military widows.

Jean Arthurs
President
National Association of Military Widows

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

E. PHILIP RIGGIN, DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

JOHN F. SOMMER, JR., DEPUTY DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON COMPENSATION, PENSION & INSURANCE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

COST-OF-LIVING INCREASE IN COMPENSATION AND DIC

APRIL 19, 1983

STATEMENT OF JOHN F. SOMMER, JR., DEPUTY DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS AFFAIRS
HOUSE OF REPRESENTATIVES
APRIL 19, 1983

Mr. Chairman and Members of the Subcommittee:

The American Legion wishes to thank you for this opportunity to share its views with you on the legislative proposal calling for increases in service-connected disability and death benefits under consideration today, as well as other issues of importance to this organization, all of which pertain to benefits for veterans, their dependents and survivors.

The measure under consideration, H.R. 2391, would increase the rates of disability compensation for disabled veterans; increase the rates of dependency and indemnity compensation for surviving spouses and children of veterans who died of service-connected causes; and provide amendments to title 38, United States Code, relating to temporary compensation increases due to hospitalization, benefits for ROTC members who were injured prior to October 1, 1982, and the adoption of a helpless child.

Section 314 of the title currently provides for the payment of compensation in the amount of $1,213 to those veterans with service-connected disabilities rated 100 percent or totally disabling. Higher rates of special monthly compensation are payable for certain multiple disabilities evaluated in excess of total, based upon the severity thereof. The monthly benefits for those veterans whose service-related impairments are evaluated from 10 percent to 90 percent range from $62 to $729.

Section 101(b) of this bill would allow that the Administrator of Veterans Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857, who are not in receipt of compensation payable pursuant to Chapter 11 of the title.

Additional monthly compensation is provided under section 315 of the title for the spouses, children and dependent parents of

those veterans entitled to benefits under section 314, and whose service-connected disabilities are evaluated at 30 percent or more.

An annual clothing allowance is provided under 38 USC 362 to each person who, because of disability which is compensable under the provisions of Chapter 11, wears or uses a prosthetic or orthopedic appliance or appliances which the Administrator determines to wear out or tear the clothing of such a veteran.

Title II of this measure addresses dependency and indemnity compensation, as provided under section 411 of this title, and is payable to the surviving spouse, based upon the military pay grade of the individual upon whose service-connected death entitlement is attributed. These pay grades range from E-1 through 0-10, and the current monthly benefits under the DIC program range from $445 to $1,139. Where there is an eligible child or children of the veteran, these rates are increased by $51 monthly for each child under present law. Subsections (c) and (d) of section 411 relate to aid and attendance and housebound benefits for surviving spouses and are payable at the rates of $134 and $66 respectively. Sections 413 and 414 of the title provide for specific payments for children of the veteran under certain circumstances.

The latest increase in the monthly rates of disability compensation and dependency and indemnity compensation was provided under Public Law 97-306, effective October 1, 1982. For those entitled to receive these benefits to keep pace with the increasing costs of goods and services, the rates payable must respond to cost-of-living increases.

H.R. 2391 calls for a 4.1 percent increase in the foregoing monthly benefits, as well as the clothing allowance, which is paid annually. The American Legion is certainly supportive of cost-of-living increases in the service-connected disability and death benefits, and the 4.1 percent increase appears to be consistent with the current rate of inflation. The effective date for the increases would be April 1, 1984. We understand this is in accordance with the President's proposal to Congress that all Federal entitlement programs be deferred for six months as a cost saving measure.

The American Legion does not want to see these deserving veterans, and their dependents and survivors, deprived of benefits they clearly need and are entitled to. The Legion is also aware of the serious fiscal problems that confront the Federal Government, and that both the President and Congress must address.

For that reason, and because veterans are perhaps the most responsible element of the American social structure, The American Legion will accept the six month delay in increase in these service-connected entitlement programs with one important proviso. There is only one way that veterans can be asked to make such a personal sacrifice, and that is if the same sacrifice is asked of and accepted by all other categories of Federal beneficiaries. If either the Administration or Congress begins to make exceptions to this plan, then the Legion's position is that veterans should be the first to be excepted. The American Legion feels that no other category of Federal beneficiary has an equal claim upon the government as do the nation's veterans who have already made the greatest contribution to the national welfare, through military service in time of war.

Title III of H.R. 2391 consists of three sections that pertain to miscellaneous provisions of title 38.

Section 301 would exempt temporary increases in disability compensation as a result of hospitalization for a service-connected disability from the delayed effective date provided under Public Law 97-253. Prior to the enactment of this law, a veteran requiring hospitalization in excess of 21 days for the treatment of a service-connected disability was entitled to a temporary total rating for the period of hospitalization and was entitled to receive compensation at 100 percent for the entire period, effective the date on which hospitalization commenced, as provided under 38, CFR, 4.29. However, PL 97-253 established section 3011 of title 38, USC, which provides that payment of monetary benefits based on an award or an increased award of compensation, dependency and indemnity compensation, or pension may not be made to an individual for any period before the first day of the month following the month in which the award of increased award became effective.

The American Legion feels that the current law creates an inequitable situation whereby those veterans admitted for hospitalization after the 11th of any month, and who meet the 21 day requirement receive additional compensation benefits and those admitted prior to the 11th of the month, under similar circumstances, do not.

The purpose and intent of this benefit was to recognize the period of temporary total disability during the veteran's hospitalization and to provide temporary financial assistance to the veteran, so as to maintain his or her household while hospitalized and not working.

The American Legion urges the enactment of this section, so as to eliminate this inequity, and restore the effective date of the increase to a total rating to the first day of continuous hospitalization.

Public Law 97-306, in part, provided eligibility for the payment of disability compensation or dependency and indemnity compensation in the case of a disability incurred by a member of the Reserve Officers Training Corps, or a death suffered by such a member during duty performed for the purpose of field training or a practice cruise. Section 302 of this measure would amend section 113 of PL 97-306 to provide that with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated after September 30, 1982, the provisions of the section shall take effect as of October 1, 1982; and with respect to deaths or injuries incurred or aggravated on or before September 30, 1982, the provisions shall take effect as of October 1, 1983.

Section 303 of this bill would provide that for the purposes of title 38, the definition of the term "child" is amended to include that an unmarried person who before attaining the age of 18 years became permanently incapable of self-support, and was a member of a veteran's household at the time the person became 18 years of age, and who is adopted by the veteran shall be recognized as a legally adopted child of the veteran, regardless of the person's age at the time of adoption.

Although we have no formal position of these technical amendments, the Legion would not oppose their enactment.

Mr. Chairman, the American Legion would like to invite your attention to three additional legislative proposals that are of interest and concern to this organization.

H.R. 468 - Would amend section 3104 of title 38, USC, to permit certain service-connected disabled veterans who are retired members of the Armed Forces to receive compensation concurrently with retired pay, without deduction from either.

Under current law, a veteran who is eligible for compensation and also retirement benefits from the Armed Services may not receive the benefits concurrently.

Civil Service employees, as well as members of Congress, who retire on longevity may receive their retirement annuity along with VA disability compensation. The American Legion believes it is inequitable to authorize one group of Federal employees to receive both benefits, while at the same time prohibiting another group.

Another measure is H.R. 1367 which would amend the title to provide a presumption that the disease of syringomyelia developing in a veteran within seven years from the veteran's discharge or release from active duty is service-connected.

Syringomyelia is a chronic, progressive disease of the spinal cord and medula, characterized clinically by a dissociated sensory loss, muscular atrophy, trophic changes and spasticity. In its early manifestations, the symptoms, like those of multiple sclerosis, are vague and fleeting, making the initial diagnosis difficult. In some cases surgical exploration may be necessary to confirm the diagnosis.

The American Legion feels, particularly because of the vague and indeterminate onset, there is good reason medically to support the enactment of this legislation.

Finally, H.R. 1368 would amend title 38, USC, to provide for additional compensation for any veteran who has suffered the service-connected loss or loss or use of one lung or one kidney.

Section 314(k) of the title provides special monthly compensation to a veteran who, as the result of a service-connected

disability, has suffered the anatomical loss or loss of use of one or more creative organs, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, or has suffered complete organic aphonia with constant inability to communicate by speech, or deafness in both ears, having absence of air and bone conduction.

The American Legion feels that due to the debilitating effects and reduction in life expectancy for those veterans who have suffered the anatomical loss or loss of use of one lung or one kidney as the result of service-connected disabilities, they should be entitled to benefits under paragraph (k).

Mr. Chairman, that concludes our statement.

Jewish War Veterans of the United States of America
1712 New Hampshire Avenue, N.W., Washington, D.C. 20009

Harris B. Stone, PNC
NATIONAL EXECUTIVE DIRECTOR

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April 15, 1983

The Honorable Douglas Applegate
Chairman, Subcommittee on Compensation,
Pension, and Insurance
House Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I regret that we will be unable to testify before your Subcommittee on April 19th in regard to H.R. 2391. However, I would appreciate it if this letter could be entered into the formal hearing record.

JWV supports the 4.1% cost of living increase that Titles I & II of H.R. 2391 would provide in FY 1984 compensation for service-connected disabled veterans and for dependency and indemnity compensation. This COLA increase is smaller than the 5.1% increase that the President had requested in his 1984 budget proposal. However, this lower figure is based on revised inflation estimates included in the House's first budget resolution for 1984 (H. Con. Res. 91), which is binding on your Subcommittee. Since these estimates predict a lower inflation rate in 1984, we find no fault with the bill's lower cost-of-living increase.

We remain concerned, however, by the six-month delay in the COLA increase, as requested in the President's budget and reflected in H.R. 2391. As we stated in our March 17th testimony before the full Committee, JWV members are willing to "tighten our belts" and accept this COLA delay, in accordance with the President's request for six-month COLA delays on all Federal entitlement programs. However, we will only do so as long as this delay is applied to all entitlement programs. If any exemptions from this COLA delay are made, they should be made for vitally-needed veterans' programs such as compensation and DIC.

We are also concerned that no consideration has been given in this bill to eliminating serious inequities in the rate structure of the Dependency and Indemnity Compensation (DIC) program. As we noted in our March 17th testimony, the DIC rate structure, which offers compensation to survivors based on the veteran's in-service rank, results in different compensation rates and thus different human values being placed on the lives of a general and a private killed in the same battle.

The DIC structure also ignores the earnings of disabled veterans who have survived many years beyond their military service, although the point of DIC is to compensate survivors for lost earnings. We urge you to consider this issue as you mark up H.R. 2391.

JWV has no objection to any of the amendments to current law that are contained in the remaining Titles of H.R. 2391.

Sincerely,

Harris B. Stone

Harris B. Stone, PNC
National Executive Director

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